

CITY OF HUNTINGTON PARK

Oversight Board Agenda Report

March 20, 2013

Honorable Chair and Members of the Oversight Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Oversight Board for the Successor Agency to the Community Development Commission of the City of Huntington Park:

Inventory of Properties Owned by the Former Community Development Commission of the City of Huntington Park

IT IS RECOMMENDED THAT THE OVERSIGHT BOARD:

Review the initial draft of the proposed Long Range Property Management Plan for disposition of properties owned by the Successor Agency.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

AB X1 26, which outlines the RDA dissolution process, require the Redevelopment Agency of the City of Huntington Park to transfer all of its real estate assets to the Successor Agency by February of 2012 (the RDA transferred four properties to the Successor Agency). Subsequent AB 1484 legislation further clarifies the dissolution process; and, requires the Successor Agency to submit a Long Range Property Management Plan ("LRPM Plan") to the Oversight Board that outlines the proposed plan to dispose these four properties.

The approved LRPM Plan will serve to determine if the properties should to be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation
4. Transferred/sold to the City of Huntington Park for redevelopment activities; and
5. Offered for sale to tenants occupying the property
6. Listed for sale with an approved broker on the open market

Prior to approval of a final LRPM Plan and subsequent disposition of real estate assets the successor agency must comply with several requirements under AB 1484.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The guidelines under AB 1484 outline a 5 step process for the disposition of properties:

1. Complete and submit Due Diligence Reviews ("DDR's") for the housing and non-housing funds

The Successor Agency has completed the DDRs for its Housing and Non-Housing funds and submitted them to the DOF.

Successor Agency Real Estate Assets

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2. Remit all cash assets to the County-Auditor Controller and taxing entities – DOF issues a "finding of completion" once the DDRs are completed and cash assets have been remitted for distribution

The DOF completed DDR reviews for the Successor Agency on January 17, 2013, for the housing funds and March 8, 2013, for non-housing funds. DOF determined that there were no unencumbered cash balances available for distribution to taxing agencies.

3. Develop a LRPM Plan - The Successor Agency must submit a LRPM Plan to the Oversight Board and DOF for approval within six months after receipt of a finding of completion.

It is anticipated that a "finding of completion" will be issued to the Successor Agency by April/May 2013. Therefore, the LRPM Plan will be submitted by November/December

4. Dispose of property in accordance to the LRPM Plan
5. Distribute remaining proceeds from the sale of properties to the County and taxing entities

The Successor Agency staff has prepared an initial draft LRMP Plan for discussion purposes below:

SUMMARY OF INITIAL DRAFT OF THE PROPOSED LRPM PLAN

The DOF posted a Long Range Property Management tracking worksheet on its website requesting that Successor Agencies include as part of their LRPM Plan. The worksheet comprises of 23 line items which must be completed for all properties owned by the Successor Agency. These line items are grouped into three major categories: 1. Key Property Characteristics, 2. Economic Value & Rent, 3. Land Use/Purpose. See chart below:

Key Property Characteristics	Economic Value & Rent	Land Use/Purpose
1) Property Name	7) Acquisition Date	17) Purpose for which property was acquired
2) Property Type	8) Value at time of purchase	18) Permissible Use
3) Address	9) Estimated Current Value	19) Permissible Use Detail
4) APN #	10) Value Basis	20) Description of property's potential for transit oriented development
5) Lot size	11) Date of Estimated Current Value	21) Advancement of planning objectives of the successor agency
6) Current Zoning	12) Proposed sale value	22) History of previous development proposals and activity
	13) Proposed sale date	23) History of environmental contamination, studies, and/or remediation, and designation as a brownfield site
	14) Estimate of Current Parcel Value	
	15) Estimate of Income/Revenue	

Successor Agency staff has completed the DOF worksheet and provided all required information for the four properties owned by the Successor Agency:

- Rugby Parking Lots
- Heritage Plaza
- Carmelita
- Southland Steel

Staff requests that the Oversight Board review the initial draft of the proposed LRPM Plan. We have recommended a general disposition strategy for all properties:

1. Successor Agency retains a broker through a Request for Proposal to assist in the marketing and sale of all properties
2. Authorize staff to commence individual strategies for property negotiations
3. Dispose of properties through auction, negotiation or a Request For Proposal process

The specific disposition strategies for each property is are described in greater detail in the following paragraphs.

Rugby Avenue Parking Lots

The property currently serves as a small public parking lot located behind Pacific Boulevard. The 0.49 acre asphalt parcel includes 41 surface parking spaces.

Size:	0.49 Acres
Zoning:	Central Business District/Residential (up to 70 du/ac)
Purchase Date:	6/12/1982; 12/7/1981
Purchase Price:	unknown
Appraisal Value:	\$ 630,000
Current Revenue:	\$0
Current Use:	41 public surface parking spaces
Future Use:	Parking lots
Expected Sale Price:	\$630,000

Disposition Strategy: Staff proposes that the property be sold in the market to the highest bidder via an auction process. Proceeds of the sale will be used to pay the arbitrage rebate liability due on the 2004A TABs.

Heritage Plaza

The City owns the 7,400 square foot parcel of land located on Pacific Boulevard. There is a two-story brick retail/office building located on this parcel. The Redevelopment Agency provided the building owner, Bolo Corporation, a 75-year lease on the land for \$100 per year, which commenced in 1988.

Size:	0.17 Acres
Zoning:	Central Business District/Residential (up to 70 du/ac)
Purchase Date:	5/3/1972

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Purchase Price:	unknown
Appraisal Value:	\$ 17,000
Current Revenue:	\$100 /year (Lease Agreement with Bolo Corporation)
Current Use:	Commercial
Future Use:	Commercial
Expected Sale Price:	\$290,000 (value of land without existing lease encumbrance)

Disposition Strategy: There are 45 years remaining on the 75-year lease of the land. The present value of these payments equals \$17,000. The current lease holder will inherently value ability to purchase the lease more than any other interested party. This is because once the lease is acquired from the City, Bolo Corporation would be able to legally sell the land and building together. We expect that Bolo should be willing to pay a fee closer to the estimated market value of the land (\$290,000) - significantly more than the \$17,000 appraised value of the lease.

Therefore, staff recommends that the Oversight Board authorize the City to negotiate the sale of Heritage Plaza directly with Bolo Corporation for a pre-established amount (e.g., \$150,000+) If negotiations are not successful within a 90-120 day negotiating period, the property should be sold via an auction process.

Note: the sale of the property will have a covenant that restricts the property from being transferred or sold to the Bolo Corporation. This will prevent Bolo from circumventing the negotiation process.

Proceeds of the sale will be used to pay the arbitrage rebate liability due on the 2004A TABs.

Carmelita Site

Property is currently improved with 12 residential vacant units. The redevelopment agency had an Exclusive Negotiating Agreement (ENA) with a private developer to build owner-occupied residential dwelling units. The ENA expired on September 2011.

Size:	1.86 Acres
Zoning:	High Density Residential (Max. units/ acre=17.424)
Purchase Date:	4/13/11
Purchase Price:	\$2,400,000 Million
Appraisal Value:	\$1,500,000
Current Revenue:	\$0
Current Use:	12 vacant units and one vacant lot
Future Use:	Commercial Development
Expected Sale Price:	\$1,500,000

Disposition Strategy: Staff proposes that the property be sold through an auction/RFP process. Staff has been contacted by a few interested parties.

Proceeds of the sale must be utilized to pay bond obligations for the Neighborhood Preservation Redevelopment Project Area.

Southland Steel Site

The property is considered a Brownsfield site with soil and underground water contamination. The former redevelopment agency planned to develop the property with a commercial and/or automobile dealership project.

Size:	5.53 Acres
Zoning:	Manufacturing Planned Development
Purchase Date:	3/22/05
Purchase Price:	\$6,000,000
Appraisal Value:	\$4,700,000 ("as if clean")
Current Revenue:	\$7,768 /month (Alexander BMW lease)
Current Use:	Vacant lot currently leased by Alexander BMW
Future Use:	Commercial Development
Expected Sale Price:	TBD

Disposition Strategy: The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property "as-is" to the highest bidder through an auction or RFP process, but rather the process will likely require a concentrated marketing effort involving the broker and City staff to a few interested parties.

Proceeds of the sale will be used to pay the arbitrage rebate liability due on the 2004A TABs.

A final LRPM Plan will become effective upon the occurrence of a three step approval process:

1. Approval by the Oversight Board
2. Approval by the DOF; and
3. Issuance of a Finding of Completion by the DOF to the Successor Agency.


CONCLUSION

Staff recommends that the Oversight Board review the proposed disposition strategies for an initial draft LRMP Plan and authorize staff to prepare a Request of Proposal to retain a real estate firm to assist in the marketing and sale of these properties.

Respectfully submitted,



RENÉ BOBADILLA, P.E.
City Manager



JULIO MORALES
Finance Director

**Inventory of Property
City of Huntington Park Successor Agency**

1	Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Southland Steel	Carmelita Site
2	Property Type	Commercial	Parking Lot - 41 spaces	Vacant lot/land	Residential and vacant land
3	Permissable Use	Commercial/Residential	Commercial/Residential	Manufacturing and Commercial	Residential up to 17 du/acre
4	Permissable Use Detail				
5	Acquisition Date	5/3/1972	6/12/1982	3/22/2005	4/13/2011
6	Value at Time of Purchase	Not available	Not Available	\$6,020,580	\$2,420,000
7	Estimated Current Value	\$17,000	\$630,000	\$4,700,000 ("as if clean")	\$1,515,000
8	Value Basis	Appraised	Appraised	Appraised	Appraised
9	Date of Estimated Current Value	2/28/2013	3/4/2013	1/11/2013	2/28/2013
10	Proposed Sale Value	\$100,000	\$630,000		\$2,420,000
11	Proposed Sale Date	To be determined	To be determined	To be determined	To be determined
12	Acquisiton Purpose	Commercial	Public parking lots	Auto dealership and/or commercial development	Residential development
13	Address	6325 Pacific Blvd	6908 Rugby Avenue	5959-6169 South Alameda	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street
14	APN #	6320-031-022	6322-023-901 6322-023-904	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902	6318-028-900 6318-029-900
15	Lot Size	7,500 sq ft/0.17 ac	21,428 sq. ft/0.49 ac	241,016 sq ft/5.53 ac	80,855 sq. ft/1.86 ac
16	Current Zoning	Central Business District/ Residential	Central Business District/ Residential	Manufacturing Planned Development	Hig Density Residential Max units 17.424 du/ac
17	Estimate of Current Parcel Value				
18	Estimate of Income/Revenue	\$100/year	\$0	\$7,768/month	\$0

Inventory of Property
City of Huntington Park Successor Agency

Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Southland Steel	Carmelita Site
Contractual requirements for use of income/revenue	Property improved with a 2-story commercial building. Ground Lease Agreement with Building owner. 55-year lease expires in year 2058. Agency proposes to negotiate the sale of the property with the lease holder	None	Agreement with Alexander BMW to lease approximately 1.5 acres for inventory storage and employee parking. Agency proposes to sell property "as-is" condition and utilize proceeds from sale to pay a \$3.4 million arbitrage liability obligation	Proceeds of the sale must be used to pay existing RDA Bond
History of environmental contamination, studies, and/or remediation, and designation as a brownfield site	None	None	Brownsfield site - Various environmental reports have been conducted which found soil and underground water contamination	None
Description of property's potential for transit oriented development	High potential for TOD. Property is located within the City's downtown and in proximity to public transportation	High potential for TOD. Property is located within the City's downtown and in proximity to public transportation	None. Use of property is limited due to its environmental conditions	None
Advancement of planning objectives of the successor agency				
History of previous development proposals and activity	Property has been used as public parking lots since their purchase	Property has been used as public parking lots since their purchase	Auto dealership and commercial development	Agency had an Exclusive Negotiating Agreement with private developer to build residential units. Agreement expired on Sept. 2011

Key Property Charracteristics	Economic Revenue & Rent	Land Use/Purpose
1 Property Name	7 Acquisiton Date	17 Purpose for which property was acquired
2 Property Type	8 Value at time of purchase	18 Permissable Use
3 Address	9 Estimated Curent Value	19 Permissable Use Detail
4 APN #	10 Value Basis	History of environmental contamination, 20 studies, and/or remediation, and designation as a brownfield site
5 Lot size	11 Date of Estimated Current Value	21 Description of property's potential for transit oriented development
6 Current Zoning	12 Proposed sale value	22 Advancement of planning objectives of the successor agency
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APPRAISAL REPORT

LEASED FEE INTEREST
CITY OF HUNTINGTON PARK
HERITAGE PLAZA
6325 PACIFIC BOULEVARD
HUNTINGTON PARK, CALIFORNIA
APN: 6320-031-022

R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

LEASED FEE INTEREST
CITY OF HUNTINGTON PARK
HERITAGE PLAZA
6325 PACIFIC BOULEVARD
HUNTINGTON PARK, CALIFORNIA
APN: 6320-031-022

Effective Date
of
Leased Fee Study
February 28, 2013

Prepared for
RICHARDS, WATSON & GERSHON
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
March 4, 2013

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



March 4, 2013

3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CA 90807-4503
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927

Michael Estrada, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Subject: Leased Fee Interest
 City of Huntington Park
 Heritage Plaza
 6325 Pacific Boulevard
 Huntington Park, California

Dear Mr. Estrada:

In accordance with your request and authorization, I have personally appraised the above-referenced property as of a current date. The appraisal study included (1) an inspection of the subject property from the adjacent public street, (2) a review of market data in the immediate and general subject market area, and (3) a valuation analysis. The purpose of the appraisal study is to estimate the value of the leased fee interest of the City of Huntington Park.

The subject property is located on the side of Pacific Boulevard, beginning 233.42 feet south of Clarendon Avenue, within the corporate limits of the City of Huntington Park. The site has an inside location, a rectangular land configuration, generally level topography, and contains 7,500 square feet of land area. The subject property is located in the District B-Festival subdistrict of the Downtown Specific Plan. District C is a Mixed Use commercial/residential zone district.

The subject property is presently improved with a three-story commercial retail/office building of brick construction, in overall average-good condition. The building contains 13,476 square feet and was originally constructed in 1986, per Assessor's records. It is understood that the building was constructed by the lessee, as part of the leasehold improvements.

APPRAISERS • ANALYSTS

Michael Estrada, Esq.
Richards, Watson & Gershon
March 4, 2013
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The subject property is encumbered with a ground lease. The lessor is the City of Huntington Park. The ground lease commenced on June 1, 1983, has a term of 75 years, and expires on May 31, 2058. For the purpose of the leased fee study, therefore, the lease has an effective remaining term of 45 years. The ground rent payment is \$100 per year, fixed for the term of the lease, on a triple-net (NNN) basis.

As stated, the purpose of this appraisal report is to express an estimate of the market value of the lessor's (City of Huntington Park) leased fee interest in the subject property. After considering the various factors which influence value, the fair market value of the leased fee interest, as of February 28, 2013, is:

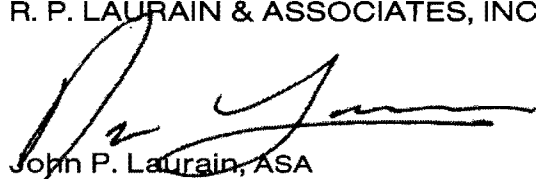
SEVENTEEN THOUSAND DOLLARS
\$17,000.

The foregoing value is subject to (1) the assumptions and limiting conditions set forth in the Preface Section, and (2) the valuation study set forth in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

This report has been submitted in triplicate as a Summary Appraisal Report, in accordance with the Uniform Standards of Professional Appraisal Practice, per Standard Rule 2-2(b); an electronic (PDF) copy has also been provided. If you have any questions regarding the report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

JPL:ll

R. P. LAURAIN
& ASSOCIATES
INCORPORATED

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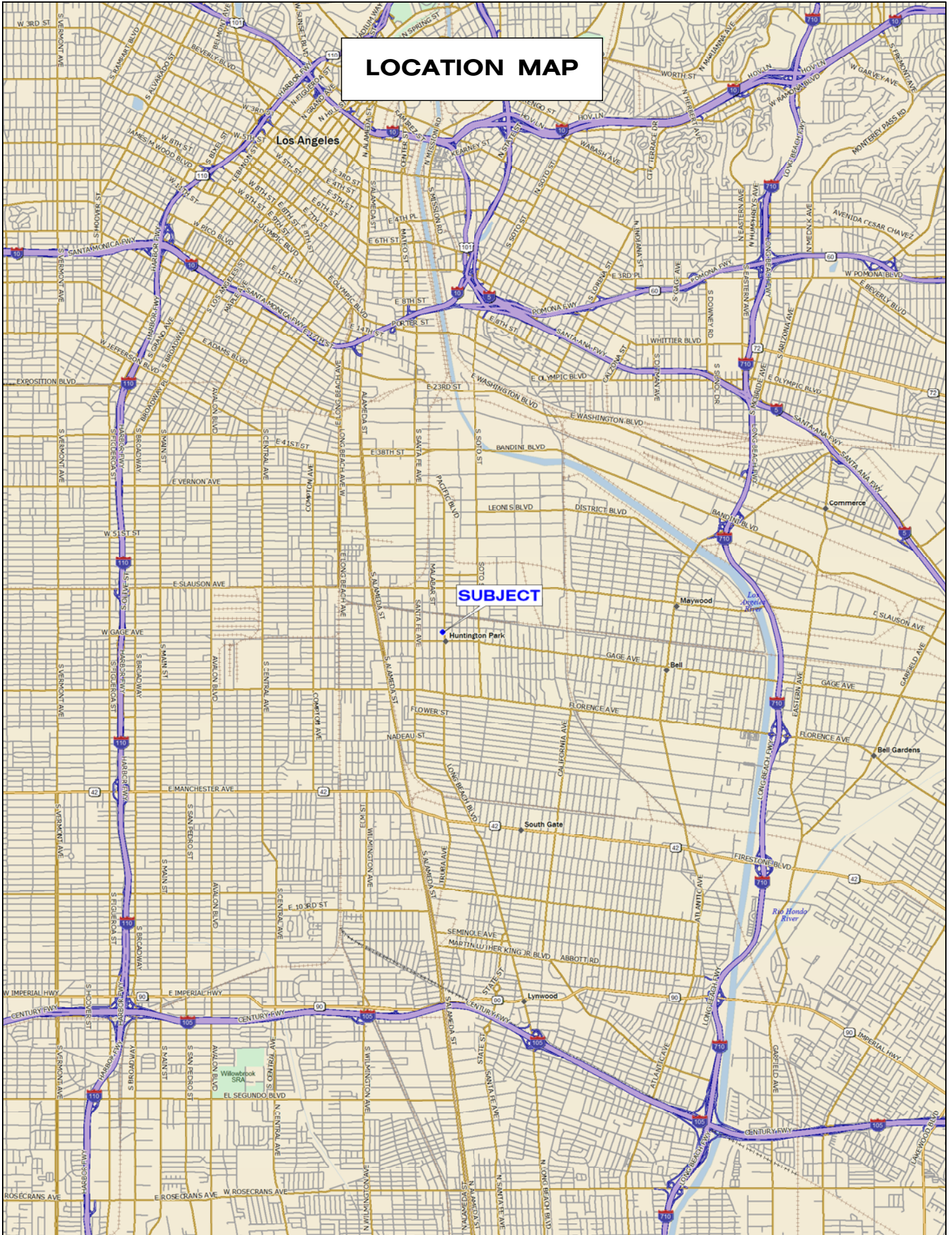
Summary of Land Value Indicators
Land Sales Data and Photos
Market Data Map

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Additional Photographs
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PREFACE

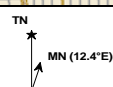
LOCATION MAP



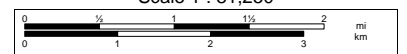
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Scale 1 : 81,250



1" = 1.28 mi

Data Zoom 12-0

DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on February 28, 2013; said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of the fair market value of the lessor's (City of Huntington Park) leased fee interest in the subject property, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Terms and Definitions."

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of existing and potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the property appraised, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the leased fee interest. Leased fee interest is defined as, "A property held in fee with the right of use and occupancy conveyed by lease to others. A property consisting of the right to receive rental income over a period of time, plus the right of ultimate repossession at the termination of the lease."

INTENDED USER OF APPRAISAL

The intended user of the appraisal is the City of Huntington Park and certain representatives thereof.

INTENDED USE OF APPRAISAL

The appraisal will be utilized by the City of Huntington for the establishment of the fair market value of the lessor's (City of Huntington Park) leased fee interest in the subject property, for the possible disposition (sale) thereof.

CERTIFICATION

The undersigned hereby certify that:

I have personally inspected the subject property from the adjacent public street; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

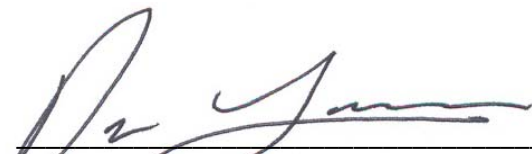
My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of predetermined or stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and Code of Professional Ethics. As of this date, I have completed the requirements of the Continuing Education Program of the State of California and The American Society of Appraisers, note that duly authorized representatives of said organizations have the right to review this report.

Gary Y. Gee assisted with market research; no one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. I have not appraised or provided any other services pertaining to the subject property in the last three years.

Date: March 4, 2013



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 17, 2013

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of market value of the leased fee interest. The subject property is described in the Subject Property Description Section of this report.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked around the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject property.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Have obtained a plat drawing indicating the subject property, and have checked such plat drawing for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Have viewed and obtained certain information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the lessor's (City of Huntington Park) leased fee interest in the subject property, as of the date of value expressed herein, by application of the Sales Comparison Approach; the Cost-Summation Approach and Income Capitalization Approach were not considered applicable in the subject case.
16. Prepared and delivered the appraisal report in triplicate, plus an electronic PDF copy, in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this summary appraisal report has been prepared in lieu of a self-contained appraisal report. This report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(b), for a summary appraisal report. This report incorporates, by reference, the data and valuation analysis contained in our office files and data base. The information contained in this summary report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report. This summary report does not constitute a self-contained appraisal report, and should not be construed as such.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraisers assume no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report, topographical mapping, or survey of the subject property was provided to the appraisers; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraisers.

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraisers for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil or mineral rights have been included in the opinion of value expressed herein. Further, that oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. That the appraiser conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraisers reserve the right to amend the final estimate of value.
12. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraisers, particularly with regard to the valuation of the property appraised and the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term, and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY
DESCRIPTION

SUBJECT PROPERTY



View looking southwesterly at the subject property from Pacific Boulevard. See additional photographs in the Addenda Section.

APPARENT LESSOR:	City of Huntington Park Redevelopment Agency
APPARENT LESSEE:	Nick A. Shubin/DNS; original lessee identified on lease document as Ventra, Inc.
PROPERTY ADDRESS:	6325 Pacific Boulevard Huntington Park, California 90255
LEGAL DESCRIPTION:	Lot 17, Block 31 of Huntington Park, per Map recorded in Book 3, Page 91 of Maps, in the office of the County Recorder, County of Los Angeles, California.

SITE DESCRIPTION

LOCATION:	West side of Pacific Boulevard, beginning 233.42 feet south of Clarendon Avenue, within the corporate limits of the City of Huntington Park.
LAND SHAPE:	Rectangular land configuration.
DIMENSIONS:	50' x 150'.
LAND AREA:	7,500 square feet.
TOPOGRAPHY:	Effectively level.
DRAINAGE:	Appears to be adequate; no major depressions were noted within the boundaries of the subject property which would cause a water ponding condition during the rainy season.
SOIL STABILITY:	Appears to be adequate based on the existing development, as well as developments in the immediate neighborhood. A soils report, however, has not been provided for review. The subject property has been appraised assuming adequate soil bearing quality.
SOIL CONTAMINATION:	None known or observed, however, a soil study has not been provided for review. The subject property has been appraised as though free of soil contaminants.
ACCESS:	The subject property has 50 feet of frontage on Pacific Boulevard and 50 feet on a public alley.
RIGHT-OF-WAY WIDTH:	Pacific Boulevard: 120 feet. Public alley: 15 feet.
STREET IMPROVEMENTS:	Fully improved streets.
PUBLIC UTILITIES:	Water, gas, electric power, and telephone service are available at the subject site.

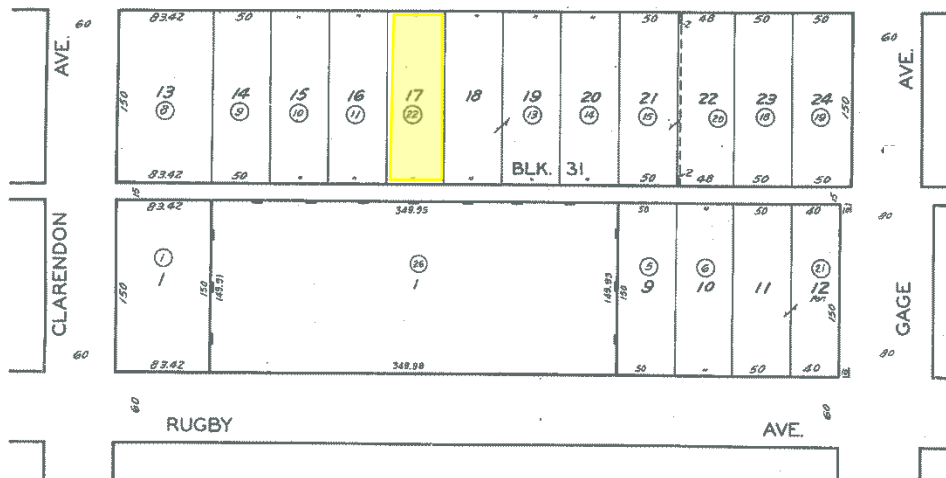
6320 | 31
SCALE 1" = 60'
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PACIFIC

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FOR PREV. ASSM'T. SEE:
6320 - 51

PARCEL MAP HUNTINGTON PARK
P.M. 271-28-29 M. B. 3-91

MAR 25 1996
ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

R. P. LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

SITE DESCRIPTION (Continued)

SANITARY SEWER:	Available at subject site.
ENCROACHMENTS:	None known or observed, however, a survey of the subject property was not provided for review.
EASEMENTS:	A title report was not provided for review. Easements, if existing, are assumed to be located along the property boundaries, not interfering with the any future highest and best use development of the subject property. It is assumed there are no "cross-lot" or "blanket" easements.
ILLEGAL USES:	None observed.
PRESENT USE:	Commercial retail and office building.
ZONING:	<p>The subject property is located in the Downtown Specific Plan, District B– Festival. District B is a Mixed Use residential commercial zone district. Primary uses include commercial retail and office uses on the ground floor, with multiple family residential or office uses on upper levels. Parking structures are also permitted, excluding street frontage structures.</p> <p>Development standards include a minimum lot size of 5,000 square feet and a maximum development density of 70 dwelling units per acre. The minimum and maximum floor area ratio is 2.0:1 and 4.0:1, respectively. There are no front, side, or rear yard setback requirements. The maximum building height is 60 feet.</p> <p>Parking requirements for residential units is 1.5 parking spaces for units having less than 800 square feet of dwelling area and 2 spaces for units having 800 square feet or more. Certain guest parking spaces are also</p>

SITE DESCRIPTION (Continued)

ZONING: (Continued)

required. Commercial retail, service and office uses require one parking space for each 400 square feet of gross floor area.

HIGHEST AND BEST USE:

The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject property.

IMPROVEMENTS

COMMENT:

The subject property is improved with a three story commercial retail/office building of brick construction, in overall average-good condition. The building contains 13,476 square feet and was originally constructed in 1986, per Assessor's records. It is understood that the building was constructed by the lessee, as part of the leasehold improvements. Inasmuch as (1) the building structure is part of the leasehold improvements, (2) there is approximately 45 years remaining on the existing ground lease, and (3) the purpose of the appraisal study is to set forth the leased fee value based on the underlying ground lease, a detailed inspection of the subject building and on-site improvements is not warranted.

LEASE SYNOPSIS

GROUND LEASE:

Refer to a copy of the Ground Lease dated June 1, 1983, in the Addenda Section. The ground lease has a term of 75 years, expiring on May 31, 2058. For the purpose of the leased fee study, therefore, the lease has an effective remaining term of 45 years. The ground rent is \$100 per year, fixed for the term of the lease, on a triple-net (NNN) basis.

LEASE SYNOPSIS (Continued)

GROUND LEASE: (Continued) Upon expiration of the lease in 2058, all building and on-site improvements will revert to the lessor (City of Huntington Park). The lessee has the first right of refusal to purchase the lessor's leased fee interest in the event the lessor (City of Huntington Park) receives a "bona fide" offer from any third party to purchase the property, subject to the existing lease.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 6320-031-022

ASSESSED VALUATIONS: Land: \$ 127,121.
Improvements: \$ 1,080,569.

TAX CODE AREA: 589.

TAX YEAR: 2012-2013.

REAL ESTATE TAXES: \$19,150.26*

SPECIAL ASSESSMENTS: None known.

OWNERSHIP HISTORY

COMMENT: Per the ground lease document the subject property has been vested with the current owner, and subject to the existing lease, since June 1, 1983. The original purchase price was not provided to the appraiser, but is not considered relevant to the current market value.

* Real estate taxes will be adjusted in the event the subject property is sold to a private party or private corporation. The adjusted real estate tax burden will be approximately 1.1% of the sale price, or Assessor's "cash value." In the absence of a sale, transfer, or capital improvements, the maximum allowable increase in the assessed valuations is 2% per year (per the Real Estate Tax Initiative of 1978, known as Proposition 13).

NEIGHBORHOOD ENVIRONMENT

LOCATION: The subject property is located in the central portion of the City of Huntington Park, in the primary Downtown district. The site is located approximately 2 1/2 miles east of the Harbor (110) Freeway, and three miles south of the Santa Monica (10) Freeway.

LAND USES: The predominant uses in the immediate subject neighborhood are commercial and multiple family residential developments. The primary Downtown district is improved with commercial retail and office uses, as well as certain multiple family residential uses. Primary streets are predominantly developed with commercial retail uses. Secondary streets are improved with low to medium density residential uses. The City of Huntington Park Civic Center is located four blocks northerly of the subject property.

ACCESS: Major north-south thoroughfares in the subject area include Alameda Street, Santa Fe Avenue, and Pacific Boulevard. Primary east-west thoroughfares include Slauson Avenue, Gage Avenue, and Florence Avenue.

BUILT-UP: The immediate subject neighborhood, near the Downtown district, is effectively 95±% built-up at the present time, inclusive of parking lots.

OCCUPANCY:	Commercial:	65±% owners 35±% tenants
	Industrial:	65±% owners 35±% tenants
	Multiple family residential:	1±% owners 99±% tenants
	Single family residential:	92±% owners 8±% tenants

NEIGHBORHOOD ENVIRONMENT (Continued)

PRICE RANGE:

Commercial and industrial land values are within a range of approximately \$15 to exceeding \$40 per square foot of land area, depending upon the size, location, site prominence, etc. Improved commercial and industrial properties range in value from approximately \$250,000 to \$800,000 for smaller facilities; large multi-tenant properties range in value in excess of \$2,000,000. Typical single family residential properties in the immediate subject area are within a general range of \$150,000 to \$300,000. Multiple family residential properties are within a much broader range; smaller complexes such as duplexes and triplexes generally range from \$200,000 to exceeding \$500,000; large multiple family residential properties range in value in excess of \$1,000,000.

TREND:

Real estate values, in general, were declining between 1991 and 1995. The value trend, however, generally stabilized during 1996 and 1997. Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits.

NEIGHBORHOOD ENVIRONMENT (Continued)

TREND: (Continued)

Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It appears that there has been an increase in sales activity and a slight increase in pricing in recent months, due to (1) formerly hesitant buyers concluding that the housing market has reached bottom, (2) investors buying properties to rehabilitate and sell for a profit or keep as rental properties, and (3) the continued availability of historically low mortgage interest rates.

Real estate trends affecting commercial and industrial properties within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial and industrial markets also began to experience decreases in price levels and development activity, which decreases accelerated in the latter portion of 2008, and continued through the end of 2009.

Per discussions with various brokers, it appears that commercial and industrial property values generally stabilized in the mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

NEIGHBORHOOD ENVIRONMENT (Continued)

- AGE RANGE:** The age range of all types of improved properties is rather broad. Generally, the age range is 15 years to exceeding 85 years. Typical industrial and commercial properties have effective ages of approximately 25 to 75 years. Residential improvements (apartment buildings and single family residential structures on the periphery of the industrial district) range in age from approximately 35 to 80 years.
- PROPERTY MAINTENANCE:** Property maintenance in the immediate and general neighborhood, evidenced by an ongoing maintenance program, ranges from fair-poor to good.
- PUBLIC/PRIVATE FACILITIES:** The availability and adequacy of public facilities, transportation, schools, industrial areas, commercial facilities and residential housing are rated average. The City of Huntington Park provides police protection. Fire protection is provided under contract arrangement with the County of Los Angeles.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the leased fee interest of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

Highest and best use is defined in *The Appraisal of Real Estate*, by the Appraisal Institute, 11th Edition, Page 297, as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.
4. Maximally productive.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

The subject property has a rectangular land configuration, generally level topography, and contains 7,500 square feet of land area. The site has an inside location on a primary street. Site prominence/exposure is rated average-good; access is rated average.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

All public utilities including water, gas, electric power, telephone, as well as sanitary sewer are available to the site. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

The subject property is located primarily in the District B-Festival sub-district of the Downtown Specific Plan, of the City of Huntington Park. District B is a Mixed Use residential commercial zone district. Primary uses include commercial retail and office uses on the ground floor, with multiple family residential or office uses on upper levels.

The maximum residential development density is 70 units per acre, or one unit per 622 square feet of land area. The maximum development density at the subject property is 12 residential units (7,500 square feet divided by 622 square feet per unit). It should be noted, however, that on-site parking are typically the most restrictive development requirements. Further, the site is located on Pacific Boulevard, a primary commercial corridor. The site is currently improved with a commercial retail and office building development, which use is considered legally permissible and financially feasible.

Based upon tenant and owner-user demand exhibited at other commercial developments in the immediate area, and proposed developments within the immediate and general subject area, the maximally productive use, and therefore, the highest and best use of the subject property, as presently improved, is the continued commercial retail/office use. As if vacant, the highest and best use of the subject property is commercial development, with the potential of upper level office or residential units. The underlying land has been appraised accordingly.

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Inasmuch as the purpose of the appraisal is to determine the value of the leased fee interest, subject to the underlying ground lease, the Sales Comparison Approach is the only approach considered applicable as a reliable indicator of land value.

VALUATION ANALYSIS (Continued)

VALUATION METHODS: (Continued)

Note that the value of the lessor's (City of Huntington Park) leased fee interest is the sum of (1) the present worth, or current discounted value, of the income stream (rent), plus (2) the present worth, or reversionary value, of the property at the termination of the lease. Due to the length of the subject lease (75 years), and the remaining term of approximately 45 years, upon expiration of the lease (in 2058) the existing building improvement will have a physical age of 72 years, and is considered having little remaining economic life. Any contributory or interim value of the building improvement upon expiration of the lease is considered offset by eventual demolition and clearing costs and/or significant renovation costs that would be required. As such, for the purpose for the purpose of the leased fee analysis, the reversionary value of the subject property, in 2058, is based on the underlying land value, as if vacant.

Prior to determining the present worth, or reversionary value of the underlying land, it is necessary to first determine the unencumbered fee simple land value, as if vacant, and without consideration of the existing ground lease.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of comparable vacant land having recently sold in the greater subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of the respective land sale properties.

The reader is referred to the summary of Land Value Indicators on the following page. The properties surveyed consist of land parcels ranging in size from 5,116 to 121,389 square feet. The purchase prices per square foot of land area range from \$24.43 to \$40.57. The sales are set forth in chronological order and took place between January, 2010, and December, 2012.

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	1-10	CG	19,717 sf	yes	yes	\$ 800,000	\$40.57
	7125 Santa Fe Ave., Huntington Park						
2	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
3	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
4	9-12	C2/P1	30,014 sf	yes	no	\$1,185,000	\$39.48
	3197 E. Imperial Hwy., et al, Lynwood						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

It should be noted that Data 6 represents a current listings in the immediate subject area which has been included herein for informational purposes only as it does not represent consummated sale transactions. Data 6 is located one block east of the Downtown Specific Plan, and two blocks east of Pacific Boulevard. The site is improved with a former lodge building containing 9,977 square feet, and is marketed based on the underlying land value. Note that any potential re-use or interim use of the building is considered offset by demolition and clearing costs, if the site were to be redeveloped. The site is zoned CP and CG. Overall, the site is considered inferior to the subject property, due primarily to the location on a secondary street (as opposed to Pacific Boulevard).

Financing and Cash Equivalency Adjustments:

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases where the cash down payment is generally less than 20% of the purchase price and the financing is other than conventional. The less-than-typical cash down payment, combined with other than conventional financing (such as seller financing), could influence a higher purchase price.

All of the sale properties employed herein involved all cash transactions. A cash equivalency adjustment, therefore, is not warranted for any of the sale properties.

Market Conditions:

Consideration of the market conditions (date of sale) is appropriate when certain sale properties occur during a rising or declining market. The consideration for market conditions is based upon observation of the real estate market and value cycles dating back more than 15 years.

Based on discussions with local real estate brokers, and observations of overall market conditions, it is apparent that there was an upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly, and the decrease continued through the latter

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

portion of 2009, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing.

The residential real estate market generally stabilized in the latter portion of 2009. Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). It appears, however, that any increase in value was due to first time home buyer and mortgage tax credits. Nominal increases in single family residential values in the first portion of 2010 were generally offset by subsequent nominal decreases in the first portion of 2011. Note that there appears to have been a slight increase in single family residential sales activity in recent months, however, the residential land values and sales activity have remained generally stable.

Real estate trends affecting commercial, apartment building, and industrial properties (commercial market) within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial markets also began to experience decreases in price levels and development activity, which decreases accelerated substantially in the latter portion of 2008, and continued through the end of 2009, and first portion of 2010. Per discussions with various brokers, it appears that the commercial market, and property values in general, stabilized in the beginning to mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

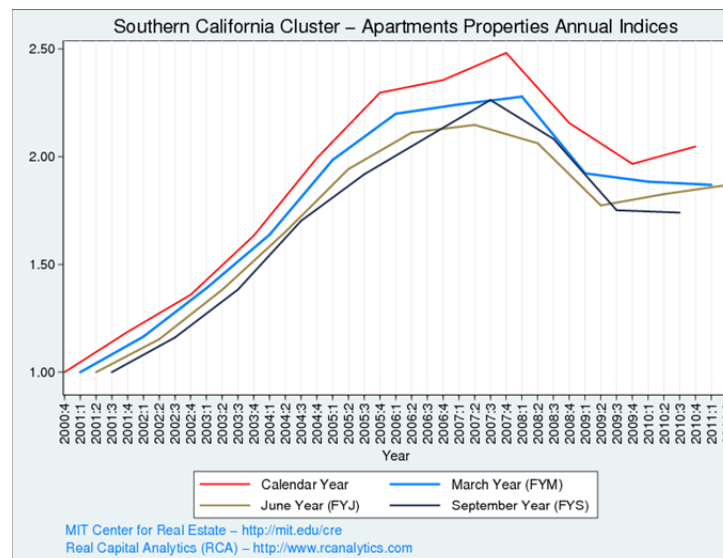
Moody's/REAL commercial property index (CPPI) is a periodic same-property round-trip investment price change index of the U.S. commercial investment property market, based on data from MIT Center for Real Estate industry partner Real Capital Analytics, Inc (RCA). The commercial property index is based on the RCA database, which attempts to collect, on a timely basis, price information for every commercial property transaction in the U.S. over \$2,500,000 in value. This represents one of the most extensive and intensively documented national databases of commercial property prices ever developed in the U.S.

VALUATION ANALYSIS (Continued)

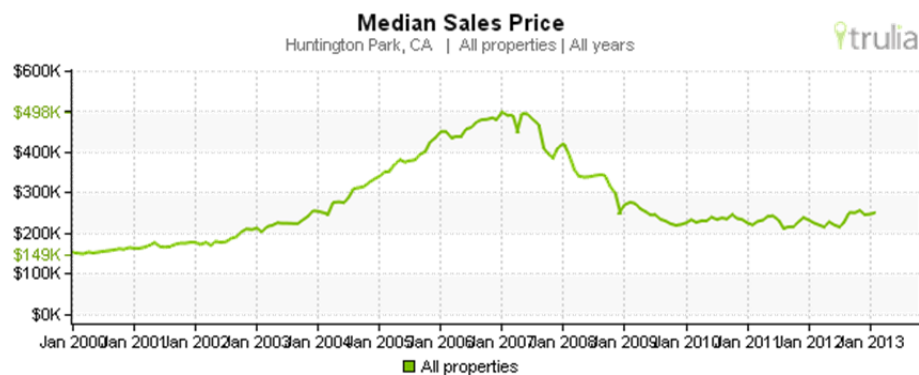
SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

The following graph, produced by Moody's, represents the apartment property index for Southern California, beginning in the fourth quarter of 2000 through the second quarter of 2011. The apartment property index reached its peak at approximately the mid to latter portion of 2007, after which apartment property values began a sharp decline. The apartment property index, however, indicates a general stabilization beginning in the first portion of 2010, generally corresponding with certain residential markets.



As stated, the residential market conditions generally stabilized in the latter portion of 2009. Refer to the following graph, which illustrates the Medium Sales Price for single family residences in the City of Huntington Park through January, 2013.



VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

As can be seen in the above graph, the median sale price generally stabilized in 2009. As stated, brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It does appear, however, that there has been a slight increase in single family residential activity and sales prices in recent months.

Overall, due to the relatively stable residential and commercial market from the latter portion of 2009 through the present time, an adjustment for market conditions is not warranted for any of the sale properties.

Elements of Comparability:

After viewing all of the land sale properties, an analysis was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

General location.	Topography.
Land size.	Land configuration/utility.
Corner location/access.	Best use/zoning.
Assemblage.	Demolition/clearing.
Site prominence.	Plans/entitlements.

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. The overall marketability of each sale property was also considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale. Allowance was made for these factors when considered applicable.

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, land size, zoning, corner location/access, and site prominence were considered the most important factors when analyzing the various sale properties, in the subject case.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis:

The reader is referred to the Adjustment Grid on the following page regarding certain elements of comparability of the subject property, as compared to the various sale properties. As stated, quantitative adjustments for financing, conditions of sale, or market conditions were not warranted for any of the sale properties. The elements of comparability have been considered on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market.

The subject property is located in the Downtown district of the City of Huntington Park, on Pacific Boulevard. Data 1 has a corner location on two primary streets and is deemed generally similar to the subject property regarding location. Data 2 is located on Pacific Boulevard and 58th Street, just north of the Downtown area, and is considered slightly inferior regarding location. The remaining sale properties are considered inferior to the subject property with respect to general location.

An adjustment for land size has also been made to certain of the sale properties. In accordance with general economic principles, larger land parcels will generally sell at an overall lower rate per square foot of land area, as compared to larger parcels. As such, Data 2 is considered inferior to the subject property regarding land size, as it represents a larger acreage parcel. The remaining sale properties represent lot and block parcels deemed generally similar to the subject property regarding land size.

The adjustment for zoning/density takes into consideration the zoning, potential for commercial versus mixed use residential/commercial development, as well as the overall density. Data 2 was a former automobile dealership at the time of sale, zoned MPD (Manufacturing Planned Development), however, the site was re-zoned CG (general commercial) during escrow. Data 2 is considered inferior to the subject property regarding zoning due to the required zone change. Data 1, 3, and 4 have commercial zone designations. Data 5 is zoned for high density multiple family residential use. As such, an adjustment for zoning was not warranted for the remaining sale properties.

ADJUSTMENT GRID

	Data	1	2	3	4	5
Purchase price: Rate per sq. ft.: Date of sale: Property rights: Conditions of sale: Terms of sale (financing): Market conditions:	----- fee simple ----- ----- -----	\$800,000 \$40.57 1-10 fee simple typical typical 0.0%	\$4,034,500 \$33.24 4-10 fee simple typical typical 0.0%	\$600,000 \$38.39 4-11 fee simple typical typical 0.0%	\$1,185,000 \$39.48 9-12 fee simple typical typical 0.0%	\$125,000 \$24.43 12-12 fee simple typical typical 0.0%
Adjusted unit rate: Rate per sq. ft.:	Subject	\$40.57	\$33.24	\$38.39	\$39.48	\$24.43
Comparability: General location: Land size (sf): Best use/zoning: Assemblage: Corner location/access: Land configuration/utility: Topography: Site prominence/expos.: Demolition/clearing: Entitlements/plans:	average 22,500 DTSP no average average level average no no	Sale is: similar 19,717 CG similar superior similar similar superior similar similar	Sale is: slightly inf. 121,389 MPD-inferior similar superior similar similar similar inferior similar	Sale is: inferior 15,630 C4 similar superior similar similar similar similar similar	Sale is: inferior 30,014 C2/P1 superior superior similar similar similar similar similar	Sale is: inferior 5,116 R-3 NR similar similar similar similar inferior similar similar
Overall comparability:	Data	1	2	3	4	5
		superior	inferior	similar	superior	inferior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis: (Continued)

The subject property has an inside location on a primary street; site prominence is rated average-good; access is rated average. Data 1 has a corner location on two primary streets and is considered superior to the subject property regarding site prominence. Data 1 through 4 are considered superior with respect to corner location/access. It should also be noted that Data 4 represents an assemblage from multiple sellers and, therefore, the overall rate per square foot of land area is deemed superior due to the assemblage premium (i.e. a downward adjustment is warranted).

Based on the foregoing, the unit rates applicable to the consummated sale transactions range from \$24.43 to \$40.57 per square foot of land area. As stated, due to the lack of direct market evidence, qualitative adjustments were applied to the individual sale properties for the various elements of comparability. An array was developed summarizing the overall comparability and adjusted unit rate per square foot of land area for the various sale properties, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF</u>
1	superior	\$40.57
4	superior	\$39.48
Subject	- - -	\$38.50
3	similar	\$38.39
2	inferior	\$33.24
5	inferior	\$24.43

As can be noted, the rates range from \$15.37 to \$38.39 per square foot of land area. The value of the subject site, as if vacant, is considered to be toward the upper portion of the indicated range, due primarily to the general location on Pacific Boulevard.

Based on the foregoing, the overall rate per square foot of land area considered applicable to the fee simple land value of the subject site, as if vacant, and prior to consideration of the existing ground lease encumbrance, is estimated at \$38.50 per square foot, as follows:

$$7,500 \text{ SF} \times \$38.50 = \$288,750.$$

Adjusted: \$290,000

VALUATION ANALYSIS (Continued)

VALUE OF LEASED FEE INTEREST:

As stated, the value of the lessor's (City of Huntington Park) leased fee interest is the sum of (1) the present worth, or current discounted value, of the income stream (rent), plus (2) the present worth, or reversionary value, of the property at the termination of the lease. The lease expires on May 31, 2058. The effective remaining term of the lease is 45 years.

The income stream applicable to the underlying ground lease is \$100 per year, fixed for the remaining term of the lease.

Due to the inordinately low annual rent payment, the yield (discount) rate applied to the income stream is 4.0%, which is considered to be slightly greater than a current "safe rate." The relatively low discount rate is reflective of the limited risk in receiving the annual rent payments (should the lessee default on the \$100 annual rent payment the use of the subject property, and building improvements, would revert to the lessor). The discount factor applied to the \$100 annual rent payment, for 45 years, at 4.0%, is 20.720040.

Upon expiration of the lease use of the land and building improvements revert to lessor (City of Huntington Park). The existing building improvement will have a physical age of 72 years, and is considered having little remaining economic life. Any contributory or interim value of the building improvement upon expiration of the lease is considered offset by eventual demolition and clearing costs and/or significant renovation costs that would be required. As such, for the purpose for the purpose of the leased fee analysis, the reversionary value of the subject property, in 2058, is based on the underlying land value, as if vacant. An appreciation factor of 3%, for 45 years, or 3.781596, is applied to the current land value as an estimate of the future land value upon expiration of the lease. The appreciation factor takes into consideration the long-term cyclical nature of the real estate market in general.

A discount rate is also applied to the reversion, based on the 45-year term, The discount rate applied to the reversion is considered to be greater than overall capitalization rates (which currently range from approximately 5.5% to 7.5%, due primarily to length of time prior to the reversion (45 years), the added risk due to the uncertainty of current and future market conditions, as well as the limited interim income stream (\$100 per year).

The estimation of the investment yield rate is also supported by the Korpacz Real Estate Investor Survey, a quarterly publication based on a survey of certain economic and financial information, and rates produced by

VALUATION ANALYSIS: (Continued)

VALUE OF LEASED FEE INTEREST: (Continued)

acquisitions and dispositions of major income producing properties by real estate investors and developers. Korpacz yield rates for investment properties over the past 20± years have generally ranged from 8.0% to 12.0%. The average quarterly yield rate in 2012 ranged from 8.66% to 8.89%. The reader is referred to the summary of Korpacz Comparative Yield rates on the following page.

It should be noted that the Korpacz property yield rates pertain to larger, institutional grade investment properties. Smaller commercial and industrial properties similar to the subject property would typically command a slightly higher yield rate. As such, for the purposes of the leased fee analysis, and considering the remaining term of the lease (45 years), an overall yield rate of 10% is deemed appropriate. The discount factor applied to the future value of the reversion is 0.013719. Note, however, that after taking into consideration the 3% annual appreciation factor, the effective overall yield rate is approximately 7%.

Based on the foregoing, the value of the leased fee interest value in the subject property, as of February 28, 2013, is adjusted to \$17,000, as follows:

Value of income stream:

\$100 per year x 20.720040 = \$ 2,072.

Adjusted: \$ 2,000.

Value of reversion (underlying land):

\$290,000 x 3.781596 x 0.0137190 = \$15,045.

Adjusted: \$15,000

Leased Fee Value:

Value of Income Stream: \$ 2,000.

Value of Reversion: 15,000.

Total Lease Fee Value: \$17,000.

FINAL ESTIMATE OF LEASED FEE VALUE:

Based on the foregoing valuation, the fair market value of the lessor's (City of Huntington Park) leased fee interest in the subject property, as of February 28, 2013, is \$17,000.

YIELD COMPARISONS

October 1, 2012

	2007 AVERAGE	2008 AVERAGE	2009 AVERAGE	2010 AVERAGE	2011 AVERAGE	2012 JANUARY	2012 APRIL	2012 JULY	2012 OCTOBER
PwC Yield Indicator (PYI) ^a	8.41%	8.47%	9.49%	9.58%	9.05%	8.89%	8.78%	8.74%	8.66%
Long-Term Mortgages ^b	6.84%	6.50%	7.55%	5.60%	5.21%	4.67%	4.60%	4.25%	4.41%
10-Year Treasuries ^c	4.72%	3.82%	3.09%	3.31%	2.96%	1.97%	2.22%	1.61%	1.64%
Consumer Price Index Change ^d	3.50%	3.65%	(0.14%)	1.17%	3.49%	0.43%	6.04%	(1.71%)	3.86%
SPREAD TO PYI (Basis Points)									
Long-Term Mortgages	157	197	194	398	384	422	418	449	425
10-Year Treasuries	369	465	640	627	609	692	656	713	702
Consumer Price Index Change	491	482	963	841	556	846	274	1045	480

a. A composite IRR average of the markets surveyed (excluding hotels).

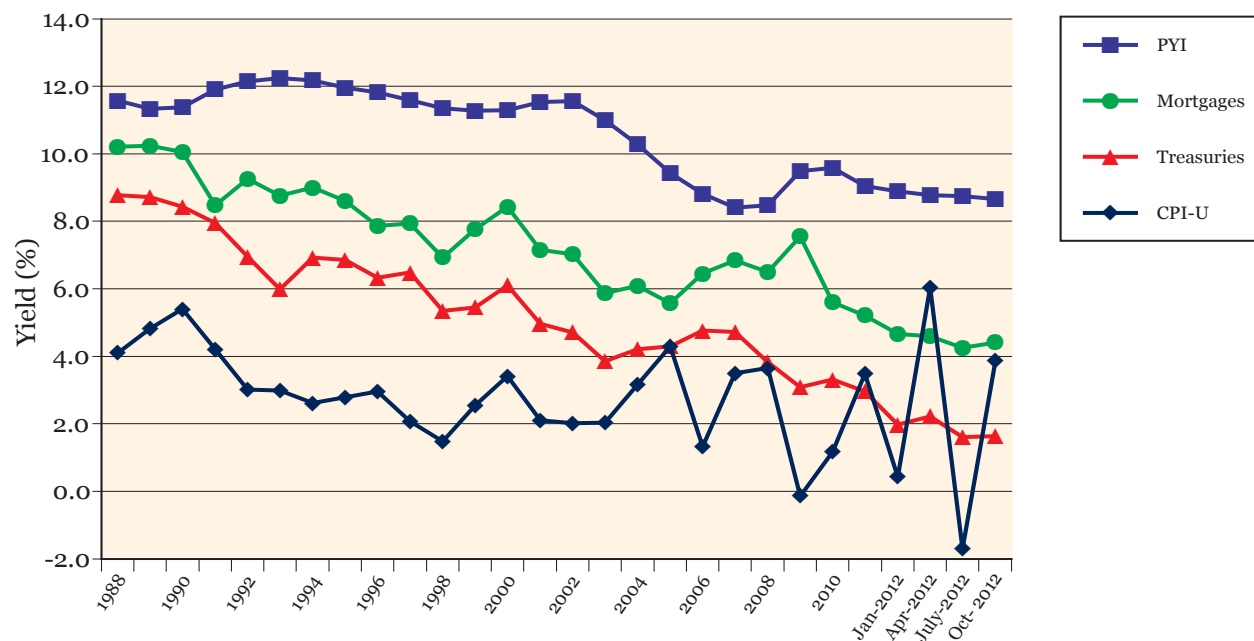
b. Fixed-rate mortgages; immediate funding. Source: CB Richard Ellis/L.J. Melody Capital Markets; reflects conventional funding; fixed rates.

c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.

d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.

COMPARATIVE YIELDS

October 1, 2012



DIVIDEND COMPARISONS

October 1, 2012

	2007 AVERAGE	2008 AVERAGE	2009 AVERAGE	2010 AVERAGE	2011 AVERAGE	2012 JANUARY	2012 APRIL	2012 JULY	2012 OCTOBER
PwC Dividend Indicator (PDI) ^a	7.01%	6.99%	8.09%	8.21%	7.60%	7.38%	7.29%	7.23%	7.16%
Equity REITs ^b	3.93%	5.07%	6.62%	3.88%	3.65%	3.83%	3.54%	3.46%	3.53%
S&P 500 ^c	1.76%	2.19%	2.90%	2.00%	1.91%	2.10%	1.94%	2.08%	2.05%
SPREAD TO PDI (Basis Points)									
Equity REITs	308	192	147	433	395	355	375	377	363
S&P 500	525	480	519	621	569	528	535	515	511

a. A composite OAR (initial rate of return in an all-cash transaction) average of the markets surveyed (excluding hotels).

b. Source: National Association of Real Estate Investment Trusts; dividend yields are as of the last day of the prior quarter.

c. Source: Standard & Poors; dividend yields are quarterly yields as of the last day of the prior quarter.

VALUATION ANALYSIS (Continued)

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuations, interviews were conducted with parties involved in the transactions employed in the Sales Comparison Approach. Based on said interviews, as well interviews with real estate brokers specializing in the subject market area, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 9 to 18 months.

MARKET DATA

MARKET DATA SUMMARY

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	1-10	CG	19,717 sf	yes	yes	\$ 800,000	\$40.57
	7125 Santa Fe Ave., Huntington Park						
2	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
3	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
4	9-12	C2/P1	30,014 sf	yes	no	\$1,185,000	\$39.48
	3197 E. Imperial Hwy., et al, Lynwood						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

MARKET DATA #1

7125 Santa Fe Avenue
Huntington Park



GRANTOR:	Exxon Mobil Corporation	APN:	6321-031-012,
GRANTEE:	N & H Partners, LLC	LAND SIZE:	19,717 sq.ft.
SALE DATE:	January 5, 2010	ZONING:	CG
DOC. NO.:	6127	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$800,000	PRESENT USE:	New retail center
TERMS:	All cash	BLDG. IMPS.:	Former service station demolished
CONFIRMED BY:	David Steeves, broker		

VALUE INDICATION: \$40.57 per SF land

MARKET DATA #2

2519-2553 East 58th Street
Huntington Park



GRANTOR:	Randy C. & Catherine M. Sopp, et al	APN:	6304-015-001, 004-006 6309-015-007, 008-011; 6309-016-016, 017-019, 024
GRANTEE:	Aspire Public Schools	LAND SIZE:	121,389 sq.ft.
SALE DATE:	April 20, 2010	ZONING:	MPD
DOC. NO.:	532500, 532501, 532504	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$4,034,500	PRESENT USE:	Charter school
TERMS:	All cash	BLDG. IMPS.:	School
CONFIRMED BY: Jim Klein, broker			
VALUE INDICATION: \$33.24 per SF land			

MARKET DATA #3

6365 Florence Avenue
Bell Gardens



GRANTOR:	Elgancy, LLC	APN:	6358-037-022
GRANTEE:	Jose & Blanca Orellana	LAND SIZE:	15,630 sq.ft.
SALE DATE:	April 22, 2011	ZONING:	C4
DOC. NO.:	581064	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$600,000	PRESENT USE:	Commercial buildings of nominal value
TERMS:	All cash to seller; construction loan	BLDG. IMPS.:	Demolished subsequent to sale
CONFIRMED BY:	Ralph Villalobos, broker		
VALUE INDICATION:		\$38.39 per SF land	

MARKET DATA #4

3197 East Imperial Highway, and
3194-3200 Oakwood Avenue
Lynwood



GRANTOR:	Douglass Family, LLC, Sean Douglass, and Luis Quintero	APN:	6170-039- 020, 021, 022, 031
GRANTEE:	Alon Realty, LLC	LAND SIZE:	30,014 sq.ft.
SALE DATE:	September 7, 2012, and September 19, 2012	ZONING:	C2, P1
DOC. NO.:	1342695, 1408968, and 1408969	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,185,000 total	PRESENT USE:	Scheduled for demolition
TERMS:	All cash	BLDG. IMPS.:	Residential buildings (teardown)
CONFIRMED BY:	Armando Aguirre, broker		

VALUE INDICATION: \$39.48 per SF land

R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

MARKET DATA #5

8455 Santa Fe Avenue
Walnut Park



GRANTOR:	Carmen Penna	APN:	6202-035-020
GRANTEE:	LA Dev Co., LP	LAND SIZE:	5,116 sq.ft.
SALE DATE:	December 24, 2012	ZONING:	R-3-NR
DOC. NO.:	1992636	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$125,000	PRESENT USE:	Vacant lot
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Justin Chiang, broker		
VALUE INDICATION:	\$24.43 per SF land		

MARKET DATA MAP



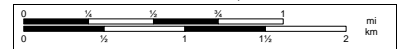
Data use subject to license.

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www.delorme.com



Scale 1 : 46,875



1" = 3,906.3 ft Data Zoom 13-1

ADDENDA

See Photo No. 1 on first page of Subject Property Section.



PHOTO NO. 2: View looking northwesterly at subject property from Pacific Boulevard.



PHOTO NO. 3: View looking north along Pacific Boulevard from a point adjacent to the subject property.



PHOTO NO. 4: View looking south along Pacific Boulevard from a point adjacent to the subject property.

GROUND LEASE

When recorded mail to:
Ventra, Inc.
8350 E Florence Ave Ste 200
Downey, CA 90240

83- 612083

GROUND LEASE

THIS GROUND LEASE is made and entered into this 1st day of June, 1983,
by and between

HUNTINGTON PARK REDEVELOPMENT AGENCY, a public body, corporate and
politic

herein collectively referred to as "Lessor", and

VENTRA INCORPORATED, a California corporation

herein collectively referred to as "Lessee":

FEE \$8	M
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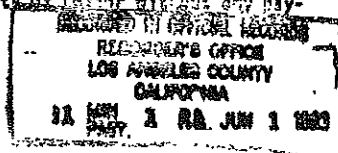
W I T N E S S E T H :

Lessor does hereby grant, demise and let to Lessee, and Lessee does hereby hire and
lease from Lessor the realty set forth and described on EXHIBIT "A" attached hereto
which is incorporated herein by reference.

Such leasing shall be upon the following terms and conditions:

1. **TERM.** The term of this lease shall be for a period of Seventy-Five (75) years commencing June 1, 1983.
2. **RENTAL.** Lessee agrees to pay to Lessor rental for the demised premises as set forth in EXHIBIT "B" attached hereto which is incorporated herein by reference.
3. **TAXES AND ASSESSMENTS.** Lessor agrees to pay all taxes which are a lien on the demised premises at the commencement of the term hereof as well as all assessments, whether or not a lien, owing or payable to any public or quasi-public authority for any street improvement or sewer or utility installation existing at the same time of the commencement of said term. Lessee agrees to pay all real estate taxes and all assessments for any street improvement or sewer or utility installed subsequent to the commencement of said term that are required to be paid by the owner or user of said property by any public or quasi-public authority during the said term of this lease.
4. **LESSOR'S TITLE.** Lessor represents and warrants that Lessor is the owner in fee simple of the demised premises and that the condition of Lessor's title is such that a title insurance company selected by Lessee, will upon application of Lessee, and at Lessee's sole cost and expense, issue an American Land Title Lender's Leasehold Policy of Title Insurance and/or an A.L.T.A. Loan Policy with extended benefits showing title to the demised premises to be vested in Lessor free and clear of everything and subject only to this lease and insuring Lessee's leasehold estate created hereunder to be free from clouds or defects or prior rights of any kind and insuring the construction loans, if any, referred to elsewhere herein to be first liens. Should this representation not be true, Lessor agrees to forthwith place the condition of Lessor's title in such form as to enable Lessee to secure such a policy of title insurance as above described from the title insurance company selected by Lessee, and all times and dates elsewhere stated in this lease requiring any act by Lessee and the term of this lease shall be extended by the time that Lessor's title is not in such condition.
5. **USE AND ZONING.** It is agreed that Lessee is leasing the demised premises primarily for the purpose of constructing stores, offices, and commercial buildings thereon from time to time in configuration and placement to the best economic advantage of Lessee. While Lessee intends initially to construct a building for lease to a specified tenant or tenants, the term of this lease will extend beyond the term of such initial sub-leases, and consequently Lessee shall have the right throughout the whole term of this lease to construct, alter, demolish and/or remove any improvement that may at any time exist upon the demised premises and/or may construct other or different buildings thereon at any time, and such improvements shall be deemed to be personal property. However, Lessee agrees that upon the expiration of the full term of this lease set forth in Paragraph 1 hereof, Lessee will not remove or demolish any improvement then existing on the demised premises and the same shall then become the property of Lessor without any payment therefor.

RECORDER'S MEMOR
FOR RECORD IS DUE TO
QUALITY OF ORIGINAL DOCUMENT



- 2
6. **ASSIGNMENT OF LESSEE'S INTEREST.** Lessee may freely assign, transfer or hypothecate its rights under this lease as security for the repayment of any debt contracted by Lessee or otherwise. No trustee under a deed of trust, or mortgage, or assignee, or holder of any rights under this lease by way of security for the repayment of indebtedness shall, by reason thereof, become bound or be bound personally under this lease, until and unless it becomes the absolute owner of the leasehold estate and interest of Lessee under this lease by foreclosure or otherwise and voluntarily substitutes itself as Lessee hereunder. Any holder of any indebtedness or any lender that has or proposes to take an assignment or hypothecation of Lessee's interest hereunder as security for the repayment of such indebtedness may give notice in writing thereof to the Lessor, and thereafter so long as any portion of such indebtedness remains unpaid, such holder shall be entitled to receive a copy of any notice given by Lessor to Lessee before such notice shall be deemed to have been given under any other provision of this lease. Notwithstanding anything in this lease contained, no notice of default or other action to declare a default or to terminate the rights of Lessee hereunder shall be effective to terminate this lease for any claimed default unless and until the holder of such indebtedness shall have been given notice and opportunity within the period prescribed in this lease and for additional thirty(30) days thereafter to take such action or to make such payment as may be necessary to cure the specified default to the same extent and with the same effect as though done by Lessee within the time required of Lessee. For any claimed default in the payment of rent the holder of such indebtedness may pay the same within 30 days after any forfeiture of Lessee's interest under this lease and thereby relieve and redeem from such forfeiture. For any claimed default other than the payment of rent as above stated, the holder of such indebtedness may within 30 days after forfeiture of Lessee's interest under this lease commence whatever action is necessary to cure the default which shall thereby relieve and redeem from such forfeiture, provided that such action is prosecuted diligently to completion. In the event that any claimed default is disputed by Lessee, or in the event of any litigation between Lessor and Lessee, the holder of any such indebtedness shall have the right: (a) if the dispute concerns the payment of rent, to pay the disputed amount to Lessor within the time otherwise provided for herein, which Lessor agrees to refund if the final determination of such dispute is adverse to Lessor; and/or (b) if the dispute concerns any thing other than the payment of rent, the holder of such indebtedness shall have until 30 days after the final determination of such dispute within which to commence to cure such default and thereafter prosecute the same with diligence.
7. **LIABILITY INSURANCE.** Lessee agrees that it will at all times during the term of this lease cause its sub-lessees to maintain in force public liability and property damage insurance with a recognized insurance company authorized to transact business within the State where the leased premises are located. Said policy or policies shall cover accident to any one person in the sum of \$100,000.00 and to more than one person in any one accident in the sum of \$300,000.00 and damage to property in the amount of \$50,000.00.
8. **CONDEMNATION.**
- A. In the event there is any condemnation of any portion of the demised land or improvements located thereon, each party shall be entitled to make claim for compensation independently of the other in such amount as each respective party may be damaged by such taking.
 - B. In the event there is any taking of any portion of the demised land by condemnation, and this lease is not terminated, there shall be a proportionate reduction in the rent required to be paid hereunder.
 - C. It is agreed that Lessee is leasing the land covered hereby for the purpose of constructing buildings and improvements thereon for lease to sub-tenants and that: (i) Lessee will borrow funds therefor from lenders, and (ii) The sub-leases between Lessee and the sub-tenants will provide that the sub-tenants may elect to terminate their leases in the event that a certain portion, (usually twenty percent (20%) or more of either land or improvements) is taken by condemnation.
 - D. It is further agreed that should there be such a taking by condemnation which takes so much of either land or improvements so as to entitle a sub-tenant to cancel its lease and should a substantial sub-tenant by reason thereof elect to terminate its sub-lease, Lessee hereunder may elect to terminate this lease and quitclaim to Lessor all of Lessee's interest in and to the improvements upon said land. In the event Lessee

hereunder does so elect to terminate this lease and does quitclaim to Lessor its interest in said improvements, then lessee shall not thereafter be liable for further rent or otherwise under this lease, and Lessor agrees to accept said improvements and in such event any lender that is the holder of an unpaid balance of a loan made for the purpose of financing or refinancing the construction of improvements upon Lessor's land which are so conveyed to Lessor shall have a lien upon said land and improvements until the same has been paid, which lien may be enforced in the manner provided by law for enforcing mortgages in the State where the demised premises are located.

9. **CONSTRUCTION AND/OR IMPROVEMENT FUNDS.** It is agreed that from time to time Lessee may borrow funds for construction and for improvement of the demised premises from a lender or lenders, and that if such loan or loans were not repaid and this lease were cancelled for any reason, this would constitute unjust enrichment of Lessor who would thereby secure such improvements as additions to Lessor's land without paying therefor. Lessor therefore does hereby agree that the demised premises may be hypothecated by Lessee by customary mortgage or trust deed as security for the repayment of such loans providing (a) said loans are made with an institutional lender and (b) such loans are made for the purpose of constructing buildings on and/or improving the demised premises or to refinance, change the terms of or substitute lenders on any loan theretofore made for said purposes, and (c) such loans bear rates of interest prevailing at the time, and (d) such loans are repayable in full within the term of this lease. Lessor agrees that he (it) will upon the request of Lessee execute and/or consent to any such mortgage or trust deed if required by the lender, but in such event such mortgage or trust deed shall provide that it shall not constitute a personal obligation of Lessor, but shall merely hypothecate the demised premises as security for the repayment of the debt.
10. **DEVELOPER AGREEMENT A PART.** "It is further agreed by and between the parties hereto that the terms, covenants, contained in the Developer Agreement executed by and between said parties hereto, dated May 3, 1982, are incorporated herein, and by this reference made apart hereof".
11. **NOTICE.** Any notice under this lease may be given by certified or registered mail addressed as follows: To Lessor, addressed to the place where the last rent check was sent; to Lessee, at its principal place of business. Either party may by notice in writing designate another address for mailing of notices. Any such notice shall be deemed to have been given when deposited in the United States Mail, postage prepaid.
12. **RIGHT OF FIRST REFUSAL & OPTION TO PURCHASE.** Should Lessor at any time be willing to accept any bona fide offer made by any third person to purchase the demised premises subject to this lease and the option to purchase granted Lessee herein, Lessee shall have the right of first refusal.
13. **GENERAL PROVISIONS.** Wherever in this lease more than one person or entity is included under the term "Lessor", or "Lessee", such designation and all reference thereto shall be deemed to be in the plural and the promises and undertakings of said persons shall be joint and several. The provisions of this agreement shall be binding upon the heirs, devisees, grantees and assigns of the parties.
14. **SPECIAL PROVISIONS** (if any), are attached hereto, marked EXHIBIT "C" and incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have set their hands and seal the day and year first above written.

HAWKINSON FREE REDEVELOPMENT x Victor Inc
for Thomas P. Johnson, Chairman by D. B. Johnson, Inc.
for Michael A. Smith, Secretary by Michael A. Smith, Secretary

4

EXHIBIT "A"

Lot 17, Block 31 of Huntington Park Tract, in the city of Huntington Park, in the county of Los Angeles, state of California, as per map recorded in Book 3, Page 91 of Maps, in the office of the county recorder of said county.

EXHIBIT "B"

Rent on said parcel is \$100 per year.

EXHIBIT "C"

In accordance with the Developer Agreement made by and between the Huntington Park Redevelopment Agency (Agency) and Ventra Incorporated (Developer) dated May 3, 1962.

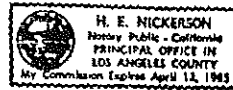
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• STATE OF CALIFORNIA)
• COUNTY OF LOS ANGELES) SS

On June 1, 1983, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS E. JACKSON, proven to me on the basis of satisfactory evidence to be the Chairman, and MICHAEL A. MARTIN, proven to me on the basis of satisfactory evidence to be the Secretary of the Huntington Park Redevelopment Agency whose name is subscribed to the within instrument and acknowledged to me that the Huntington Park Redevelopment Agency executed the same pursuant to a resolution of its members.

WITNESS my hand and official seal.

H. E. Nickerson



TO 444 C
(Corporation)

STATE OF CALIFORNIA)
COUNTY OF Los Angeles) SS

On June 1, 1983 before me, the undersigned, a Notary Public in and for said State, personally appeared Michael A. Jackson known to me to be the President and Spencer A. Jackson known to me to be the Secretary of the corporation that executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature: Kris M. Kobriger
KRIS M. KOBRIKER
Name (Typed or Printed)



(This area for official notarial seal)

83- 612083

**QUALIFICATIONS
OF
APPRAISER**

BACKGROUND AND QUALIFICATIONS

John P. Laurain
Certified General Real Estate Appraiser
California Certification No. AG 025754

VICE PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and non-profit facilities include, among others, seaport properties, submerged land, river rights-of-way, reservoirs, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, homeless shelters, hospitals, skilled nursing facilities, churches, meeting halls and lodges, and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Valuation Methodologies: (Continued)

fee and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities:

City of Alhambra	City of Los Alamitos
City of Artesia	City of Los Angeles
City of Baldwin Park	City of Monrovia
City of Bellflower	City of Norwalk
City of Burbank	City of Ontario
City of Carson	City of Palmdale
City of Cathedral City	City of Paramount
City of Compton	City of Pasadena
City of Covina	City of Pico Rivera
City of Cudahy	City of San Juan Capistrano
City of Cypress	City of Santa Fe Springs
City of Downey	City of Seal Beach
City of El Segundo	City of Signal Hill
City of Hawaiian Gardens	City of South El Monte
City of Huntington Beach	City of South Gate
City of Huntington Park	City of Tustin
City of Irwindale	City of Upland
City of Lawndale	City of West Hollywood
City of Long Beach	City of Whittier

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Redevelopment Agencies:

Azusa Redevelopment Agency
Bell Community Redevelopment Agency
Glendale Redevelopment Agency
Hawaiian Gardens Redevelopment Agency
Huntington Beach Redevelopment Agency
Huntington Park Redevelopment Agency
Irwindale Community Redevelopment Agency
La Mirada Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Monrovia Redevelopment Agency
Ontario Redevelopment Agency
Paramount Redevelopment Agency
Signal Hill Redevelopment Agency
Whittier Redevelopment Agency

Other Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
Castaic Lake Water Agency
Hawthorne School District
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Chief Administrative Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Long Beach Community College District
Los Angeles Unified School District
Lynwood Unified School District
Port of Los Angeles
State of California,
 Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services (JAMS), in the County of Orange.

Prepared appraisal reports, and has been retained as an expert witness in conjunction with various eminent domain and litigation matters before the Los Angeles County Superior Court.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino County Superior Court.

ACADEMIC BACKGROUND:

Walden High School, Anaheim, California

College preparation curriculum; represented school in annual scholastic competition.

Los Alamitos/Laurel High Schools

Graduate June, 1985

Advanced courses in pre-calculus, and English writing composition.

Cypress Community College

Basic curriculum.

BACKGROUND AND QUALIFICATIONS (Continued)

ACADEMIC BACKGROUND: (Continued)

Long Beach Community College
Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

Fundamentals of Real Estate Appraisal
Appraisal Principles and Techniques
California Real Estate Principles
Real Estate Appraisal: Residential
Principles of Economics
California Real Estate Economics
Basic Income Capitalization Approach
Advanced Income Capitalization Approach
Advanced Applications
Real Estate Escrow
California Real Estate Law
Uniform Standards of Professional Appraisal Practice, Part A
Uniform Standards of Professional Appraisal Practice, Part B
Federal and State Laws and Regulations

APPRAISAL REPORT

PARKING LOT PARCELS
7116 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
APN: 6322-023-901, 904

R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

PARKING LOT PARCELS
7116 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
APN: 6322-023-901, 904

Effective Date
of
Market Value Study
February 28, 2013

Prepared for
RICHARDS, WATSON & GERSHON
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
March 4, 2013

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



March 4, 2013

3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CA 90807-4503
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927

Michael Estrada, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Subject: Parking Lot Parcels
7116 Rugby Avenue
Huntington Park, California

Dear Mr. Estrada:

In accordance with your request and authorization, I have personally appraised the above-referenced property as of a current date. The appraisal study included (1) an inspection of the subject property, (2) a review of market data in the immediate and general subject market area, and (3) a valuation analysis.

The subject property is located on the east side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park. The site has an inside location, a square land configuration, generally level topography, and contains 22,500 square feet of land area. The subject property is located in the District C-Neighborhood sub-district of the Downtown Specific Plan. District C is a Mixed Use commercial/residential zone district. The site consists of two parcels improved with an asphalt paved parking lot, containing 59 marked automobile parking spaces.

The purpose of this appraisal report is to express an estimate of the fair market value of the subject property. After considering the various factors which influence value, the fee simple market value of the subject property, as of February 28, 2013, is:

SIX HUNDRED THIRTY THOUSAND DOLLARS
\$630,000.

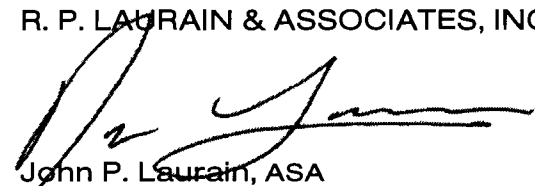
Michael Estrada, Esq.
Richards, Watson & Gershon
March 4, 2013
Page 2

The foregoing value is subject to (1) the assumptions and limiting conditions set forth in the Preface Section, and (2) the valuation study set forth in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

This report has been submitted in triplicate as a Summary Appraisal Report, in accordance with the Uniform Standards of Professional Appraisal Practice, per Standard Rule 2-2(b); an electronic (PDF) copy has also been provided. If you have any questions regarding the report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "John P. Laurain", is written over the printed name.

John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

JPL:ll

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Plat Map
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PREFACE



DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on February 28, 2013; said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of market value, in fee simple, for the subject property, absent any liens, leases, or other encumbrances, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Terms and Definitions."

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of existing and potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the property appraised, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the unencumbered fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

INTENDED USER OF APPRAISAL

The intended user of the appraisal is the City of Huntington Park and certain representatives thereof.

INTENDED USE OF APPRAISAL

The appraisal will be utilized by the City of Huntington for the establishment of the fair market value of the subject property for the possible disposition thereof.

CERTIFICATION

The undersigned hereby certify that:

I have personally inspected the subject property; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

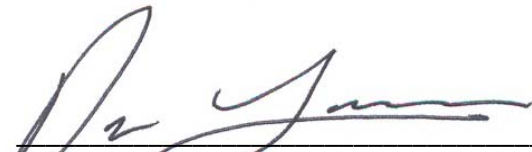
My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of predetermined or stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and Code of Professional Ethics. As of this date, I have completed the requirements of the Continuing Education Program of the State of California and The American Society of Appraisers, note that duly authorized representatives of said organizations have the right to review this report.

Gary Y. Gee assisted with market research; no one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. I have not appraised or provided any other services pertaining to the subject property in the last three years.

Date: March 4, 2013



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 17, 2013

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of market value. The subject property is described in the Subject Property Description Section of this report.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked around the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject property.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Have obtained a plat drawing indicating the subject property, and have checked such plat drawing for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Have viewed and obtained certain information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application of the Sales Comparison Approach; the Cost-Summation Approach and Income Capitalization Approach were not considered applicable in the subject case.
16. Prepared and delivered the appraisal report in triplicate, plus an electronic PDF copy, in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this summary appraisal report has been prepared in lieu of a self-contained appraisal report. This report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(b), for a summary appraisal report. This report incorporates, by reference, the data and valuation analysis contained in our office files and data base. The information contained in this summary report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report. This summary report does not constitute a self-contained appraisal report, and should not be construed as such.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraisers assume no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report, topographical mapping, or survey of the subject property was provided to the appraisers; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraisers.

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraisers for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil or mineral rights have been included in the opinion of value expressed herein. Further, that oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. That the appraiser conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraisers reserve the right to amend the final estimate of value.
12. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraisers, particularly with regard to the valuation of the property appraised and the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term, and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY
DESCRIPTION

SUBJECT PROPERTY



View looking northeasterly at the subject property from Rugby Avenue. See additional photographs in the Addenda Section.

APPARENT VESTEE: City of Huntington Park

PROPERTY ADDRESS: 7116 Rugby Avenue
Huntington Park, California 90255

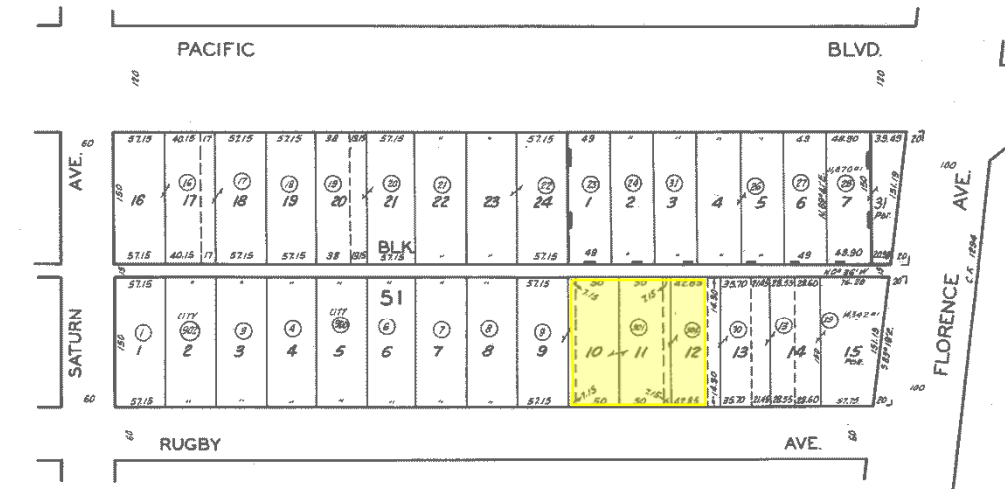
LEGAL DESCRIPTION: The South 50 feet of Lot 10, all of Lot 11, and the North 42.85 feet of Lot 12, Block 51, Huntington Park, per Map recorded in Book 3, Page 91 of Maps, in the office of the County Recorder, County of Los Angeles, California. A complete metes and bounds legal description was not provided for review.

SITE DESCRIPTION

LOCATION:	East side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park.
LAND SHAPE:	Square land configuration.
DIMENSIONS:	150' x 150'.
LAND AREA:	22,500 square feet.
TOPOGRAPHY:	Effectively level.
DRAINAGE:	Appears to be adequate; no major depressions were noted within the boundaries of the subject property which would cause a water ponding condition during the rainy season.
SOIL STABILITY:	Appears to be adequate based on the existing development, as well as developments in the immediate neighborhood. A soils report, however, has not been provided for review. The subject property has been appraised assuming adequate soil bearing quality.
SOIL CONTAMINATION:	None known or observed, however, a soil study has not been provided for review. The subject property has been appraised as though free of soil contaminants.
ACCESS:	The subject property has 150 feet of frontage on Rugby Avenue and 150 feet on a public alley.
RIGHT-OF-WAY WIDTH:	Rugby Avenue: 60 feet. Public Alley: 15 feet.
STREET IMPROVEMENTS:	Fully improved streets.
PUBLIC UTILITIES:	Water, gas, electric power, and telephone service are available at the subject site.

6322	23	2004
SCALE 1" = 80'		

REVISED
12-9-57
1-4-61
690629
720228
770725404
770518 808
820406505
820510901
840128604
8802010500501
880301
2204011404



721

TRACT NO. 459
M. B. 15-31

All 990 series parcels on this page are assessed to Huntington Park Redevelopment Agency, unless otherwise noted.

JAN 14 2004
ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

2-3

SITE DESCRIPTION (Continued)

SANITARY SEWER:	Available at subject site.
ENCROACHMENTS:	None known or observed, however, a survey of the subject property was not provided for review.
EASEMENTS:	A title report was not provided for review. Easements, if existing, are assumed to be located along the property boundaries, not interfering with the any future highest and best use development of the subject property. It is assumed there are no "cross-lot" or "blanket" easements.
ILLEGAL USES:	None observed.
PRESENT USE:	Public parking lot.
ZONING:	<p>The subject property is located in the Downtown Specific Plan, District C – Neighborhood. District C is a Mixed Use commercial/-residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential uses on upper levels. Parking structures are also permitted, excluding street frontage structures.</p> <p>Development standards include a minimum lot size of 5,000 square feet and a maximum development density of 70 dwelling units per acre. The minimum and maximum floor area ratio is 0.50:1 and 2.0:1, respectively. The minimum street front and rear yard setbacks are 10 feet; there is no side yard setback. The maximum building height is 50 feet.</p> <p>Parking requirements for residential units is 1.5 parking spaces for units having less than 800 square feet of dwelling area and 2 spaces for units having 800 square feet or more. Certain guest parking spaces are also</p>

SITE DESCRIPTION (Continued)

ZONING: (Continued) required. Commercial retail, service and office uses require one parking space for each 400 square feet of gross floor area.

HIGHEST AND BEST USE: The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject property.

IMPROVEMENTS

COMMENT: The subject property is improved with an asphalt paved public parking lot containing 57 standard automobile parking spaces and two handicap parking spaces. Other on site improvements include asphalt paving, concrete wheel stops, and pole signs.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 6322-023-901, 904

ASSESSED VALUATIONS: Land: \$ 82,450.
Improvements: \$ 00.

TAX CODE AREA: 589.

TAX YEAR: 2012-2013.

REAL ESTATE TAXES: Not applicable*

SPECIAL ASSESSMENTS: None known.

* Real estate taxes will be adjusted in the event the subject property is sold to a private party or private corporation. The adjusted real estate tax burden will be approximately 1.1% of the sale price, or Assessor's "cash value." In the absence of a sale, transfer, or capital improvements, the maximum allowable increase in the assessed valuations is 2% per year (per the Real Estate Tax Initiative of 1978, known as Proposition 13).

OWNERSHIP HISTORY

COMMENT:

Per Los Angeles County Assessor records, the subject parcels have apparently been vested with the City of Huntington Park (or prior Redevelopment Agency of the City of Huntington Park), for more than 20 years. Due to the date of acquisition, the purchase price is not considered relevant to the current market value.

NEIGHBORHOOD ENVIRONMENT

LOCATION:

The subject property is located in the central portion of the City of Huntington Park. The site is located approximately 2 1/2 miles east of the Harbor (110) Freeway, and three miles south of the Santa Monica (10) Freeway.

LAND USES:

The predominant uses in the immediate subject neighborhood are commercial and multiple family residential developments. The primary Downtown commercial retail district is located one block east of the subject property, on Pacific Avenue. Primary streets are predominantly developed with commercial retail uses. Secondary streets are improved with low to medium density residential uses. The City of Huntington Park Civic Center is located four blocks northerly of the subject property.

ACCESS:

Major north-south thoroughfares in the subject area include Alameda Street, Santa Fe Avenue, and Pacific Avenue. Primary east-west thoroughfares include Slauson Avenue, Gage Avenue, and Florence Avenue.

BUILT-UP:

The immediate subject neighborhood, near the Downtown district, is effectively 95±% built-up at the present time, inclusive of parking lots.

NEIGHBORHOOD ENVIRONMENT (Continued)

OCCUPANCY:	Commercial:	65±% owners 35±% tenants
	Industrial:	65±% owners 35±% tenants
	Multiple family residential:	1±% owners 99±% tenants
	Single family residential:	92±% owners 8±% tenants

PRICE RANGE: Commercial and industrial land values are within a range of approximately \$15 to exceeding \$40 per square foot of land area, depending upon the size, location, site prominence, etc. Improved commercial and industrial properties range in value from approximately \$250,000 to \$800,000 for smaller facilities; large multi-tenant properties range in value in excess of \$2,000,000. Typical single family residential properties in the immediate subject area are within a general range of \$150,000 to \$300,000. Multiple family residential properties are within a much broader range; smaller complexes such as duplexes and triplexes generally range from \$200,000 to exceeding \$500,000; large multiple family residential properties range in value in excess of \$1,000,000.

TREND: Real estate values, in general, were declining between 1991 and 1995. The value trend, however, generally stabilized during 1996 and 1997. Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values

NEIGHBORHOOD ENVIRONMENT (Continued)

TREND: (Continued)

began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits.

Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It appears that there has been an increase in sales activity and a slight increase in pricing in recent months, due to (1) formerly hesitant buyers concluding that the housing market has reached bottom, (2) investors buying properties to rehabilitate and sell for a profit or keep as rental properties, and (3) the continued availability of historically low mortgage interest rates.

Real estate trends affecting commercial and industrial properties within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial and industrial markets also began to experience decreases in price levels and development activity, which decreases accelerated in the latter portion of 2008, and continued through the end of 2009.

NEIGHBORHOOD ENVIRONMENT (Continued)

TREND: (Continued)

Per discussions with various brokers, it appears that commercial and industrial property values generally stabilized in the mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

AGE RANGE:

The age range of all types of improved properties is rather broad. Generally, the age range is 15 years to exceeding 85 years. Typical industrial and commercial properties have effective ages of approximately 25 to 75 years. Residential improvements (apartment buildings and single family residential structures on the periphery of the industrial district) range in age from approximately 35 to 80 years.

PROPERTY MAINTENANCE:

Property maintenance in the immediate and general neighborhood, evidenced by an ongoing maintenance program, ranges from fair-poor to good.

PUBLIC/PRIVATE FACILITIES:

The availability and adequacy of public facilities, transportation, schools, industrial areas, commercial facilities and residential housing are rated average. The City of Huntington Park provides police protection. Fire protection is provided under contract arrangement with the County of Los Angeles.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

Highest and best use is defined in *The Appraisal of Real Estate*, by the Appraisal Institute, 11th Edition, Page 297, as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.
4. Maximally productive.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

The subject property has a square land configuration, generally level topography, and contains 22,500 square feet of land area. The site has an inside location on a secondary street. Site prominence/exposure and vehicular access are rated average.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

All public utilities including water, gas, electric power, telephone, as well as sanitary sewer are available to the site. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

The subject property is located primarily in the District C-Neighborhood sub-district of the Downtown Specific Plan, of the City of Huntington Park. District C is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential uses on upper levels.

The maximum development density is 70 units per acre, or one unit per 622 square feet of land area. The maximum development density at the subject property is 36 units (22,500 square feet divided by 622 square feet per unit). It should be noted, however, that on-site parking are typically the most restrictive development requirements. The development of 36 residential units, containing less than 800 square feet each, would require 54 on-site parking spaces (1.5 parking space per unit). Inasmuch as (1) parking structures are prohibited at the street frontage, and (2) the existing parking lot which is fully built-out on site contains 57 parking spaces, a multi-level parking structure would be required at the rear portion of the site. After considering the foregoing, and allowing for open space requirements, high density residential developments are not typically built-out to the maximum development density. Based on the foregoing, a residential development density of 25 to 30 units (or one unit per 750 to 900 square feet of land area) is deemed reasonable in the subject case, with first level commercial space.

Based upon tenant and owner-user demand exhibited at other residential and commercial developments, and proposed developments within the immediate and general subject area, the maximally productive use, and therefore, the highest and best use of the subject property is high density mixed use residential/commercial development in accordance with the existing zoning. The subject property has been appraised accordingly.

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Inasmuch as the highest and

VALUATION ANALYSIS (Continued)

VALUATION METHODS: (Continued)

best use of the subject property is mixed use residential/commercial development, the Sales Comparison Approach is the only approach considered applicable as a reliable indicator of value.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of comparable land having recently sold in the greater subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of the respective land sale properties.

The reader is referred to the summary of Land Value Indicators on the following page. The properties surveyed consist of land parcels ranging in size from 5,116 to 121,389 square feet. The purchase prices per square foot of land area range from \$15.37 to \$38.39. The sales are set forth in chronological order and took place between April, 2010, and January, 2013.

It should be noted that Data 7 represents a current listings in the immediate subject area which has been included herein for informational purposes only as it does not represent consummated sale transactions. Data 7 is located one block east of the Downtown Specific Plan, and two blocks east of Pacific Avenue. The site is improved with a former lodge building containing 9,977 square feet, and is marketed based on the underlying land value. Note that any potential re-use or interim use of the building is considered offset by demolition and clearing costs, if the site were to be redeveloped. The site is zoned CP and CG. Overall, the site is considered slightly inferior to the subject property, however a downward adjustment to the unit rate of \$30.89 per square foot of land area would be warranted as said rate reflects the current "asking" prices, as opposed to consummated sale price.

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
2	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
3	2-12	C2	5,080 sf	no	no	\$ 80,000	\$15.75
	1427 E. Florence Ave., Los Angeles						
4	12-12	C4	7,995 sf	no	yes	\$ 130,000	\$16.26
	6244 Florence Ave., Bell Gardens						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	1-13	R3	11,550 sf	no	no	\$ 177,500	\$15.37
	6619 Flora Ave., Bell						
7	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Financing and Cash Equivalency Adjustments:

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases where the cash down payment is generally less than 20% of the purchase price and the financing is other than conventional. The less-than-typical cash down payment, combined with other than conventional financing (such as seller financing), could influence a higher purchase price.

Data 1, 2, 4, 5, and 6 involved all cash to the seller. Data 3 involved 50% cash down to a concurrent first trust deed note with a private party. A cash equivalency adjustment, therefore, is not warranted for any of the sale properties.

Market Conditions:

Consideration of the market conditions (date of sale) is appropriate when certain sale properties occur during a rising or declining market. The consideration for market conditions is based upon observation of the real estate market and value cycles dating back more than 15 years.

Based on discussions with local real estate brokers, and observations of overall market conditions, it is apparent that there was an upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly, and the decrease continued through the latter portion of 2009, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing.

The residential real estate market generally stabilized in the latter portion of 2009. Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). It appears, however, that any increase in value was due to first time home buyer and mortgage tax credits. Nominal increases in single family residential values in the first portion of 2010 were generally offset by subsequent nominal decreases in the first portion of 2011. Note that there appears to have been a

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

slight increase in single family residential sales activity in recent months, however, the residential land values and sales activity have remained generally stable.

Real estate trends affecting commercial, apartment building, and industrial properties (commercial market) within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial markets also began to experience decreases in price levels and development activity, which decreases accelerated substantially in the latter portion of 2008, and continued through the end of 2009, and first portion of 2010. Per discussions with various brokers, it appears that the commercial market, and property values in general, stabilized in the beginning to mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

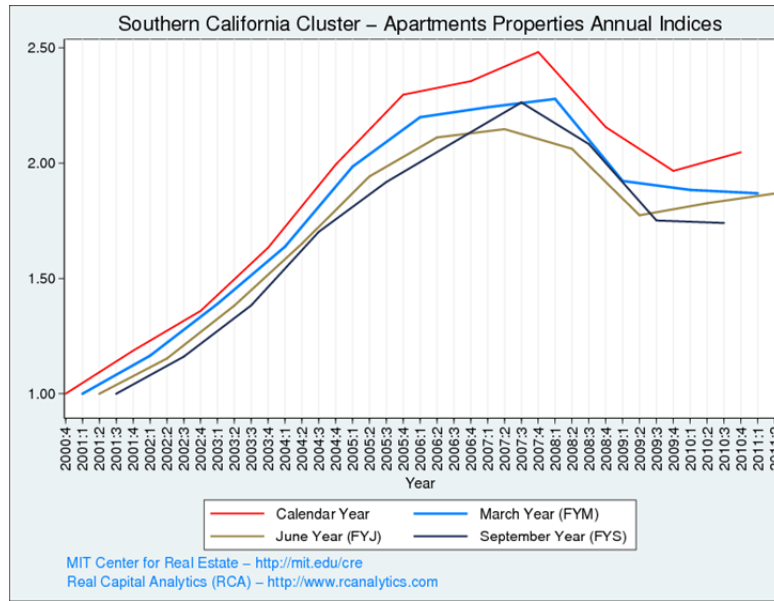
Moody's/REAL commercial property index (CPPI) is a periodic same-property round-trip investment price change index of the U.S. commercial investment property market, based on data from MIT Center for Real Estate industry partner Real Capital Analytics, Inc (RCA). The commercial property index is based on the RCA database, which attempts to collect, on a timely basis, price information for every commercial property transaction in the U.S. over \$2,500,000 in value. This represents one of the most extensive and intensively documented national databases of commercial property prices ever developed in the U.S.

The following graph, produced by Moody's, represents the apartment property index for Southern California, beginning in the fourth quarter of 2000 through the second quarter of 2011. The apartment property index reached its peak at approximately the mid to latter portion of 2007, after which apartment property values began a sharp decline. The apartment property index, however, indicates a general stabilization beginning in the first portion of 2010, generally corresponding with certain residential markets.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)



As stated, the residential market conditions generally stabilized in the latter portion of 2009. Refer to the following graph, which illustrates the Medium Sales Price for single family residences in the City of Huntington Park through January, 2013.



VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

As can be seen in the above graph, the median sale price generally stabilized in 2009. As stated, brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It does appear, however, that there has been a slight increase in single family residential activity and sales prices in recent months.

Overall, due to the relatively stable residential and commercial market from the latter portion of 2009 through the present time, an adjustment for market conditions is not warranted for any of the sale properties.

Elements of Comparability:

After viewing all of the land sale properties, an analysis was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

General location.	Topography.
Land size.	Land configuration/utility.
Corner location/access.	Best use/zoning.
Assemblage.	Demolition/clearing.
Site prominence.	Plans/entitlements.

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. The overall marketability of each sale property was also considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale. Allowance was made for these factors when considered applicable.

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, land size, zoning, corner location/access, and site prominence were considered the most important factors when analyzing the various sale properties, in the subject case.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis:

The reader is referred to the Adjustment Grid on the following page regarding certain elements of comparability of the subject property, as compared to the various sale properties. As stated, quantitative adjustments for financing, conditions of sale, or market conditions were not warranted for any of the sale properties. The elements of comparability have been considered on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market.

The subject property is located in the Downtown district of the City of Huntington Park, one block west of Pacific Avenue. Data 1 is located on Pacific Avenue and 58th Street, just north of the Downtown area, and is deemed generally similar regarding location. The remaining sale properties are considered inferior to the subject property with respect to general location.

An adjustment for land size has also been made to certain of the sale properties. In accordance with general economic principles, larger land parcels will generally sell at an overall lower rate per square foot of land area, as compared to larger parcels. As such, Data 1 is considered inferior to the subject property regarding land size, as it represents a larger acreage parcel. The remaining sale properties represent lot and block parcels deemed generally similar to the subject property regarding land size.

The adjustment for zoning/density takes into consideration the zoning, potential for commercial versus mixed use residential/commercial development, as well as the overall density. Data 1 was a former automobile dealership at the time of sale, zoned MPD (Manufacturing Planned Development), however, the site was re-zoned CG (general commercial) during escrow. Data 1 is considered inferior to the subject property regarding zoning due to the required zone change. Data 2, 3, and 4 have commercial zone designations; the C2 zone of Data 3 allows for high density residential development. Data 5 and 6 are zoned for high density multiple family residential use. As such, an adjustment for zoning was not warranted for Data 2 through 6.

ADJUSTMENT GRID

	Data	1	2	3	4	5	6
Purchase price: Rate per sq. ft.: Date of sale: Property rights: Conditions of sale: Terms of sale (financing): Market conditions:	----- fee simple ----- ----- ----- -----	\$4,034,500 \$33.24 4-10 fee simple typical typical 0.0%	\$600,000 \$38.39 4-11 fee simple typical typical 0.0%	\$80,000 \$15.75 2-12 fee simple typical typical 0.0%	\$130,000 \$16.26 12-12 fee simple typical typical 0.0%	\$125,000 \$24.43 12-12 fee simple typical typical 0.0%	\$177,500 \$15.37 1-13 fee simple typical typical 0.0%
Adjusted unit rate: Rate per sq. ft.:	Subject	\$33.24	\$38.39	\$15.75	\$16.26	\$24.43	\$15.37
Comparability: General location: Land size (sf): Best use/zoning: Assemblage: Corner location/access: Land configuration/utility: Topography: Site prominence/expos.: Demolition/clearing: Entitlements/plans:	average 22,500 DTSP no average average level average no no	Sale is: similar 121,389 MPD-inferior similar superior similar similar superior inferior similar	Sale is: inferior 15,630 C4 similar superior similar similar superior similar similar	Sale is: inferior 5,080 C2 similar inferior similar similar superior similar similar	Sale is: inferior 7,995 C4 similar inferior similar similar superior similar similar	Sale is: inferior 5,116 R-3 NR similar inferior similar similar similar similar similar	Sale is: inferior 11,550 R3 similar similar similar similar similar similar similar
Overall comparability:	Data	1	2	3	4	5	6
		superior	superior	inferior	inferior	inferior	inferior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis: (Continued)

The subject property has an inside location on a one-way secondary street; the alley access is also one-way. Data 1 and 2 have corner locations and are deemed superior regarding corner location. Data 3, 4, and 5 represent relatively narrow lots with less street frontage, and are deemed inferior with respect to access. Data 6 is generally similar regarding access.

As stated, the subject property has frontage on a one-way secondary street, one block west of Pacific Avenue. Overall site prominence is rated average, due primarily to the subject property's proximity to Pacific Avenue. Data 1 through 4 have frontage on primary streets and are deemed superior with respect to site prominence. Data 5 and 6 are considered similar regarding prominence. Lastly, note that Data 1 required certain demolition of existing improvements and is considered inferior regarding demolition and clearing costs.

Based on the foregoing, the unit rates applicable to the consummated sale transactions range from \$15.37 to \$38.39 per square foot of land area. As stated, due to the lack of direct market evidence, qualitative adjustments were applied to the individual sale properties for the various elements of comparability. An array was developed summarizing the overall comparability and adjusted unit rate per square foot of land area for the various sale properties, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF</u>
2	superior	\$38.39
1	superior	\$33.24
Subject	---	\$28.00
5	inferior	\$24.43
4	inferior	\$16.26
3	inferior	\$15.75
6	inferior	\$15.37

As can be noted, the rates range from \$15.37 to \$38.39 per square foot of land area. The value of the subject property is considered to be toward the mid to upper portion of the indicated range, due primarily to the general location and proximity to Pacific Avenue.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis: (Continued)

Based on the foregoing, the overall rate per square foot of land area considered applicable to the subject property is estimated at \$28.00 per square foot, as follows:

$$22,500 \text{ SF} \times \$28.00 = \$630,000.$$

FINAL ESTIMATE OF VALUE:

Based on the foregoing valuation, the fee simple market value of the subject property, as of February 28, 2013, is \$630,000.

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuations, interviews were conducted with parties involved in the transactions employed in the Sales Comparison Approach. Based on said interviews, as well interviews with real estate brokers specializing in the subject market area, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 9 to 18 months.

MARKET DATA

MARKET DATA SUMMARY

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
2	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
3	2-12	C2	5,080 sf	no	no	\$ 80,000	\$15.75
	1427 E. Florence Ave., Los Angeles						
4	12-12	C4	7,995 sf	no	yes	\$ 130,000	\$16.26
	6244 Florence Ave., Bell Gardens						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	1-13	R3	11,550 sf	no	no	\$ 177,500	\$15.37
	6619 Flora Ave., Bell						
7	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

MARKET DATA #1

2519-2553 East 58th Street
Huntington Park



GRANTOR: Randy C. & Catherine M. **APN:** 6304-015-001, 004-006
Sopp, et al 6309-015-007, 008-011;
6309-016-016, 017-019,
024

GRANTEE: Aspire Public Schools **LAND SIZE:** 121,389 sq.ft.

SALE DATE: April 20, 2010 **ZONING:** MPD

DOC. NO.: 532500, 532501, 532504 **TOPOGRAPHY:** Effectively level

SALE PRICE: \$4,034,500 **PRESENT USE:** Charter school

TERMS: All cash **BLDG. IMPS.:** School

CONFIRMED BY: Jim Klein, broker

VALUE INDICATION: \$33.24 per SF land

R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

MARKET DATA #2

6365 Florence Avenue
Bell Gardens



GRANTOR:	Elgancy, LLC	APN:	6358-037-022
GRANTEE:	Jose & Blanca Orellana	LAND SIZE:	15,630 sq.ft.
SALE DATE:	April 22, 2011	ZONING:	C4
DOC. NO.:	581064	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$600,000	PRESENT USE:	Commercial buildings of nominal value
TERMS:	All cash to seller; construction loan	BLDG. IMPS.:	Demolished subsequent to sale
CONFIRMED BY:	Ralph Villalobos, broker		
VALUE INDICATION:		\$38.39 per SF land	

MARKET DATA #3

1427 East Florence Avenue
Los Angeles



GRANTOR:	Rachels Family Living Trust	APN:	6010-027-038
GRANTEE:	Travelers Rest Baptist Church	LAND SIZE:	5,080 sq.ft.
SALE DATE:	February 23, 2012	ZONING:	C2
DOC. NO.:	2898994	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$80,000	PRESENT USE:	Vacant land
TERMS:	\$40,000 private party	BLDG. IMPS.:	None
CONFIRMED BY:	Market data resources		
VALUE INDICATION: \$15.75 per SF land			

MARKET DATA #4

6244 Florence Avenue
Bell Gardens



GRANTOR:	Marcelo S. Kondratuk	APN:	6228-012-006
GRANTEE:	Soon A. & Eung J. Lim	LAND SIZE:	7,995 sq.ft.
SALE DATE:	December 12, 2012	ZONING:	C4
DOC. NO.:	1912201	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$130,000	PRESENT USE:	Vacant lot
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Lidia Kondratuk, broker		
VALUE INDICATION: \$16.26 per SF land			

MARKET DATA #5

8455 Santa Fe Avenue
Walnut Park



GRANTOR:	Carmen Penna	APN:	6202-035-020
GRANTEE:	LA Dev Co., LP	LAND SIZE:	5,116 sq.ft.
SALE DATE:	December 24, 2012	ZONING:	R-3-NR
DOC. NO.:	1992636	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$125,000	PRESENT USE:	Vacant lot
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Justin Chiang, broker		

VALUE INDICATION: \$24.43 per SF land

MARKET DATA #6

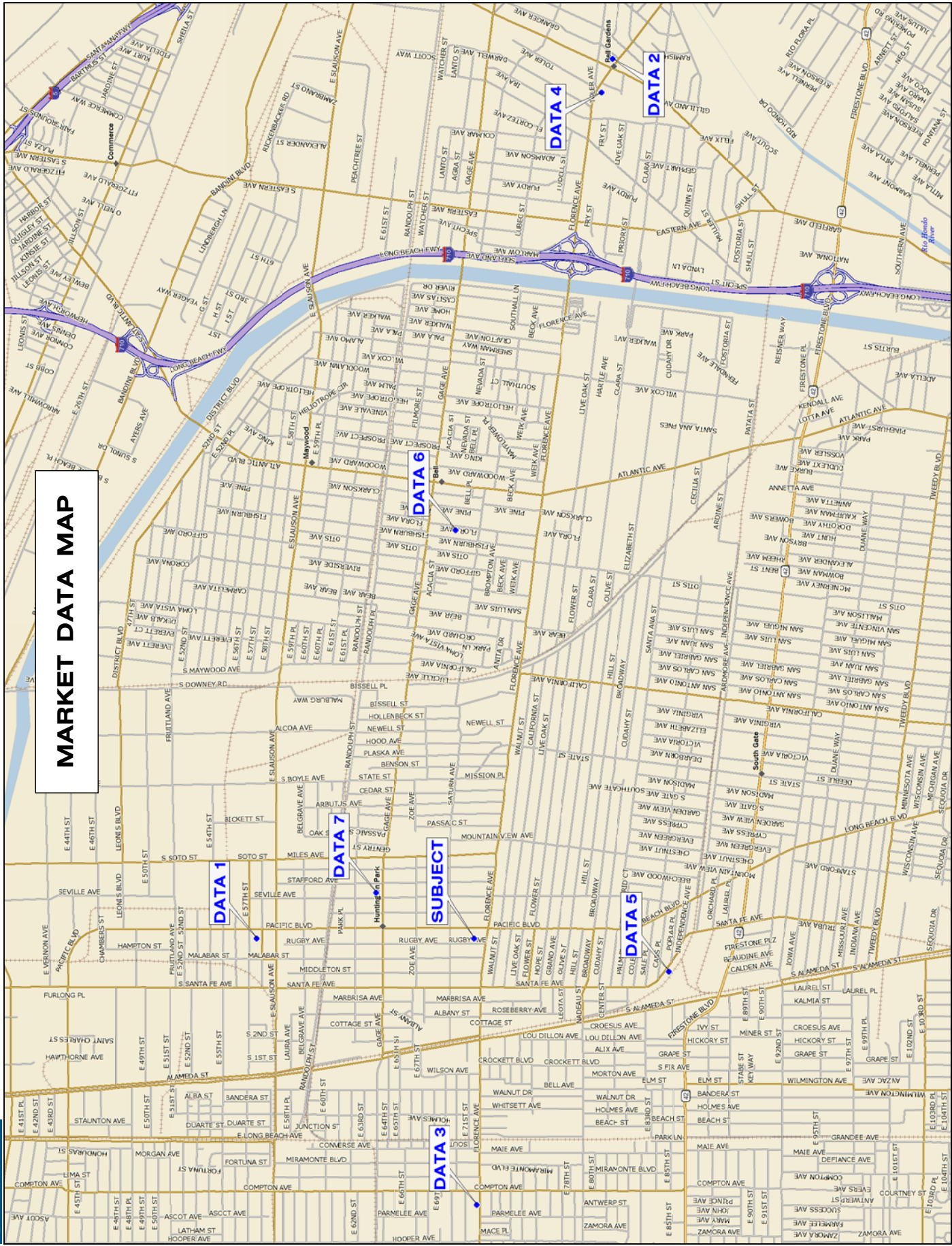
6619 Flora Avenue
Bell



GRANTOR:	Mohamad H. Saleh	APN:	6325-014-010
GRANTEE:	Bassam Mustapha	LAND SIZE:	11,550 sq.ft.
SALE DATE:	January 4, 2013	ZONING:	R3
DOC. NO.:	13502	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$177,500	PRESENT USE:	Vacant land
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Lourdes Cotaya, broker		

VALUE INDICATION: \$15.37 per SF land

MARKET DATA MAP



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www.delorme.com

Scale 1 : 40 625

1" = 3,385.4 ft

mi
km

Data Zoom 13-0

ADDENDA

See Photo No. 1 on first page of Subject Property Section.



PHOTO NO. 2: View looking northwesterly at subject property from the public alley.



PHOTO NO. 3: View looking north along the public alley from a point adjacent to the subject property.



PHOTO NO. 4: View looking north along Rugby Avenue from a point adjacent to the subject property.



PHOTO NO. 5: View looking south along Rugby Avenue from a point adjacent to the subject property.

**QUALIFICATIONS
OF
APPRAISER**

BACKGROUND AND QUALIFICATIONS

John P. Laurain
Certified General Real Estate Appraiser
California Certification No. AG 025754

VICE PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and non-profit facilities include, among others, seaport properties, submerged land, river rights-of-way, reservoirs, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, homeless shelters, hospitals, skilled nursing facilities, churches, meeting halls and lodges, and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Valuation Methodologies: (Continued)

fee and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities:

City of Alhambra	City of Los Alamitos
City of Artesia	City of Los Angeles
City of Baldwin Park	City of Monrovia
City of Bellflower	City of Norwalk
City of Burbank	City of Ontario
City of Carson	City of Palmdale
City of Cathedral City	City of Paramount
City of Compton	City of Pasadena
City of Covina	City of Pico Rivera
City of Cudahy	City of San Juan Capistrano
City of Cypress	City of Santa Fe Springs
City of Downey	City of Seal Beach
City of El Segundo	City of Signal Hill
City of Hawaiian Gardens	City of South El Monte
City of Huntington Beach	City of South Gate
City of Huntington Park	City of Tustin
City of Irwindale	City of Upland
City of Lawndale	City of West Hollywood
City of Long Beach	City of Whittier

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Redevelopment Agencies:

Azusa Redevelopment Agency
Bell Community Redevelopment Agency
Glendale Redevelopment Agency
Hawaiian Gardens Redevelopment Agency
Huntington Beach Redevelopment Agency
Huntington Park Redevelopment Agency
Irwindale Community Redevelopment Agency
La Mirada Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Monrovia Redevelopment Agency
Ontario Redevelopment Agency
Paramount Redevelopment Agency
Signal Hill Redevelopment Agency
Whittier Redevelopment Agency

Other Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
Castaic Lake Water Agency
Hawthorne School District
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Chief Administrative Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Long Beach Community College District
Los Angeles Unified School District
Lynwood Unified School District
Port of Los Angeles
State of California,
 Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services (JAMS), in the County of Orange.

Prepared appraisal reports, and has been retained as an expert witness in conjunction with various eminent domain and litigation matters before the Los Angeles County Superior Court.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino County Superior Court.

ACADEMIC BACKGROUND:

Walden High School, Anaheim, California

College preparation curriculum; represented school in annual scholastic competition.

Los Alamitos/Laurel High Schools

Graduate June, 1985

Advanced courses in pre-calculus, and English writing composition.

Cypress Community College

Basic curriculum.

BACKGROUND AND QUALIFICATIONS (Continued)

ACADEMIC BACKGROUND: (Continued)

Long Beach Community College
Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

Fundamentals of Real Estate Appraisal
Appraisal Principles and Techniques
California Real Estate Principles
Real Estate Appraisal: Residential
Principles of Economics
California Real Estate Economics
Basic Income Capitalization Approach
Advanced Income Capitalization Approach
Advanced Applications
Real Estate Escrow
California Real Estate Law
Uniform Standards of Professional Appraisal Practice, Part A
Uniform Standards of Professional Appraisal Practice, Part B
Federal and State Laws and Regulations

APPRAISAL REPORT

LAND VALUE STUDY
5959-6169 SOUTH ALAMEDA STREET
HUNTINGTON PARK, CALIFORNIA 90001

R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

LAND VALUE STUDY
5959-6169 SOUTH ALAMEDA STREET
HUNTINGTON PARK, CALIFORNIA 90001

Effective Date
of
Market Value Study
January 11, 2013

Prepared for
RICHARDS, WATSON & GERSHON
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101


Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
January 15, 2013

**R . P . L A U R A I N
& A S S O C I A T E S**

INCORPORATED

January 15, 2013


3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CA 90807-4503
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927

Michael Estrada, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Subject: Land Value Study
5959-6169 South Alameda Street
Huntington Park, California 90001

Dear Mr. Estrada:

In accordance with your request and authorization, we have personally appraised the above-referenced property as of a current date. The appraisal study included (1) an inspection of the subject property from the adjacent public right-of-way, (2) a review of market data in the immediate and general subject market area, and (3) a valuation analysis.

The subject property is located on the west side of Alameda Street, beginning 650± feet north of Gage Avenue, in the City of Huntington Park. The site contains 236,690± square feet of land area (5.43 acres), has an irregular land configuration, and an inside location on a primary street. It is located within the MPD (Manufacturing Planned Development) zone of the City of Huntington Park.

The subject property is improved with (1) a one story industrial building containing 16,325 square feet, of Class S (steel) construction, built in 1948±, in overall fair-average condition, and (2) a two story office building containing 2,490 square feet, of Class C (concrete block) construction, built in 2000, in overall good condition. A portion of the site is currently leased and utilized for automobile storage. Other on-site improvements include asphalt paving, concrete paving, and fencing.

Per the City of Huntington Park, as well as information obtained from the California Department of Toxic Substances Control (DTSC), the subject property suffers from certain soil contamination. A Removal Action Workplan (RAW) was approved by the DTSC on July 10, 2012, however, per the City of Huntington Park, a cost estimate to remediate the soil contamination has not been prepared to date. Further, it is understood that the subject property

suffers from ground water contamination, per a DTSC letter dated July 22, 2011 (ground water monitoring report). As such, the cost to remediate soil and ground water contamination is unknown.

After considering the various factors which influence the value of the subject property, the "as if clean" value of the subject property, assuming the soil and ground water contamination has been remediated, as of January 11, 2013, is \$4,735,000.

The foregoing value of \$4,735,000 represents a hypothetical "as if clean" value, assuming the required soil remediation has been completed, contrary to known fact. The "as if clean" value employs a hypothetical condition which assumes, contrary to known fact, that the soil remediation and any potential ground water remediation has been completed in accordance with DTSC commercial/industrial development standards.

As part of the appraisal study, the appraisers requested a soil remediation cost estimate. Per the City of Huntington Park (property owner and client of the appraisal), a cost estimate to remediate the soil has not been prepared to date, nor will a cost estimate be prepared in the immediate future. Note that is beyond the scope and expertise of the appraisers to prepare a soil remediation cost estimate.

Based on the foregoing, absent a soil remediation cost estimate, the fair market value of the subject property, in the "as is" condition, cannot be reasonably determined. The client (City of Huntington Park) was advised of the potential inability to determine the "as is" value with any certainty, in a pre-appraisal telephone conference with the City's special legal counsel.

The indicated "as is" value of the subject property can only reasonably be stated as being less than the indicated "as if clean" value of \$4,735,000. The amount by which the "as is" value is less than the stated "as if clean" value is unknown. In the event the cost of soil and/or ground water remediation exceeds the "as if clean" value of the subject property, the "as is" value may be a negative number.

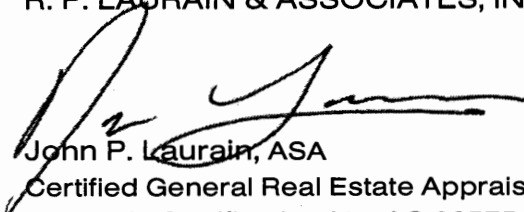
Michael Estrada, Esq.
Richards, Watson & Gershon
January 15, 2013
Page 3

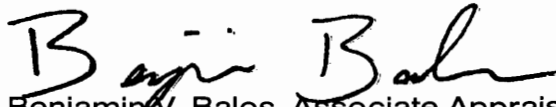
The foregoing value is subject to (1) the assumptions and limiting conditions set forth in the Preface Section, and (2) the valuation analyses set forth in the Valuation Analysis Section. No portion of this appraisal report shall be amended or deleted.

This report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice, per Standard Rule 2-2(b) for a summary appraisal report. This appraisal report is submitted in triplicate; we have retained a file copy. If you require any additional information from our file, it would be appreciated if you would contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.


John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754


Benjamin W. Balos, Associate Appraiser
Certified General Real Estate Appraiser
California Certification No. AG 040853

JPL:BVB:ll

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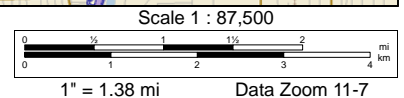
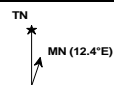
PREFACE



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www.delorme.com



DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on January 11, 2013; said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of the fee simple market value of the subject property, absent any liens, leases, or other monetary encumbrances, as of the date of value set forth above.

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the subject property, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

INTENDED USER OF THE APPRAISAL

The intended user of the appraisal is the City of Huntington Park and certain representatives thereof.

INTENDED USE OF APPRAISAL

The appraisal will be utilized by the City of Huntington for the establishment of the fair market value of the subject property.

CERTIFICATION

The undersigned hereby certify that:

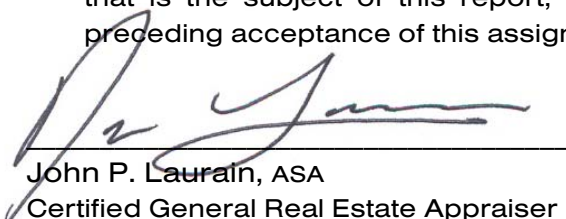
We have inspected the subject property from the adjacent public right-of-way. We have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, we have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

Our engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of predetermined or stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

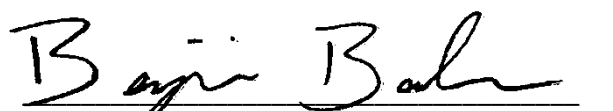
This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions, were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and Code of Professional Ethics. As of this date, we have completed the requirements of the Continuing Education Program of the State of California, and The American Society of Appraisers, as applicable to the undersigned; note that duly authorized representatives of the State of California have the right to review this report.

No one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. We have previously appraised the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 17, 2013



Benjamin V. Balos, Associate Appraiser
Certified General Real Estate Appraiser
California Certification No. AG 040853
Renewal Date August 3, 2014

Date: January 15, 2013

SCOPE OF THE APPRAISAL

The appraisers, in connection with the following appraisal study, have:

1. Been retained, and have accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of fair market value. The subject property is described in the Subject Property Section of this report.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked around the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property, from the adjacent public right-of-way, for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject property.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Have obtained a plat drawing indicating the subject property, and have checked such plat drawing for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Have viewed and obtained certain information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application of the Sales Comparison Approach; the Cost-Summation Approach and Income Capitalization Approach were not considered relevant in the subject appraisal study.
16. Prepared and delivered this appraisal report, in triplicate, in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 16, inclusive:

1. That this summary appraisal report has been prepared in lieu of a self-contained appraisal report. This report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(b), for a summary appraisal report. This report incorporates, by reference, the data and valuation analysis contained in our office files and data base. The information contained in this summary report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report. This summary report does not constitute a self-contained appraisal report, and should not be construed as such.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value.
3. That the appraisers assume there are no hidden or unapparent conditions of the subject property subsoil which would render it more or less valuable, unless otherwise stated. Further, the appraisers assume no responsibility for such conditions or for the engineering which might be required to discover such conditions. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report, topographical mapping, or survey of the subject property was provided to the appraisers; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraisers.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
7. That no oil or mineral rights have been included in the opinion of value expressed herein. Further, that oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
8. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
9. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
10. That the appraisers have conducted a visual inspection of the subject property and the market data properties, from the adjacent public rights-of-way. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the properties, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraisers reserve the right to amend the final estimate of rental value.
11. That the appraisers, by reason of this appraisal, are not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

12. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
13. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
14. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraisers, particularly with regard to the valuation of the property appraised and the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
15. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.
16. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined herein for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term, and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject property. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement (if applicable), and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

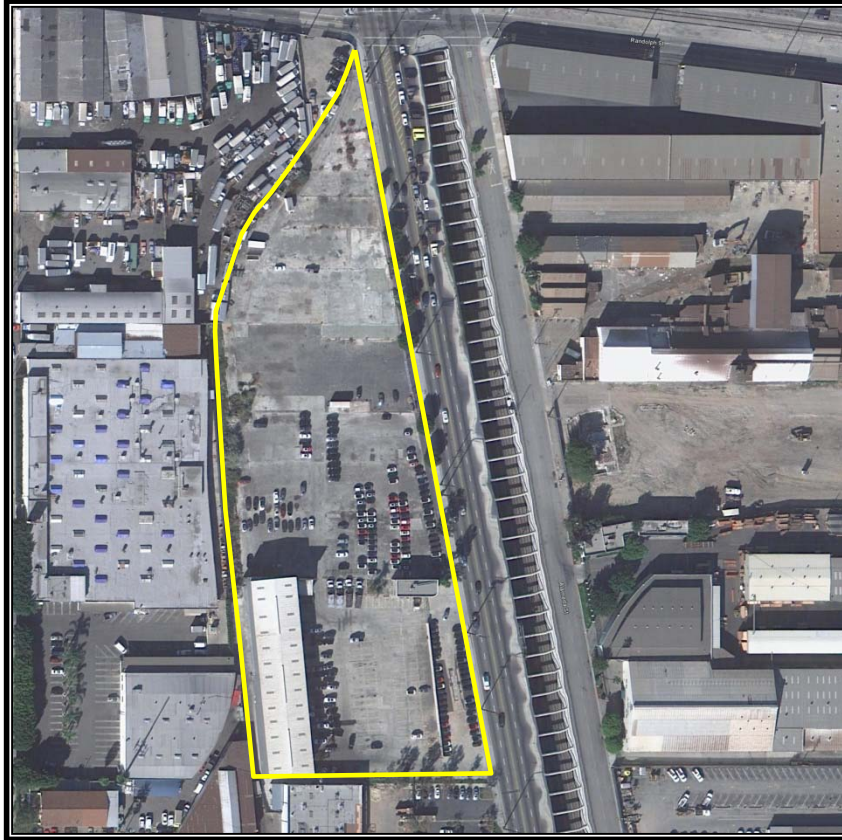
Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY
DESCRIPTION

SUBJECT PROPERTY



Aerial photograph of subject property.
See additional photographs in the Addenda Section.

APPARENT VESTEE: City of Huntington Park

PROPERTY ADDRESS: 5959-6169 South Alameda Street
Huntington Park, California

LEGAL DESCRIPTION: Lots 12 through 15, exclusive of street, and portion of Lot A, Tract No. 8073, per map recorded in Book 117, Pages 24 and 25 of Maps, in the office of the County Recorder, County of Los Angeles, California. A complete metes and bounds legal description was not provided for review.

SITE DESCRIPTION

COMMENT:

The subject property is commonly known as the former Southland Steel Facility. Per the City of Huntington Park, as well as information obtained from the California Department of Toxic Substances Control (DTSC), the subject property suffers from certain soil contamination. Documentation regarding the soil contamination at the subject site is available on the DTSC website, in the EnviroStor Database (RAW plan, DTSC Annual Oversight Annual Cost Estimates, CEQA notice, fact sheets, ground water monitoring report, site characterization report, etc.).

A Removal Action Workplan (RAW) was approved by the DTSC on July 10, 2012, however, per the City of Huntington Park, a cost estimate to remediate the soil contamination has not been prepared to date. Further, it is understood that the subject property suffers from ground water contamination, per a DTSC letter dated July 22, 2011 (ground water monitoring report). As such, the cost to remediate soil and ground water contamination is unknown.

As indicated in the DTSC EnviroStor database, under "Site History," the subject property was a former steel manufacturing/foundry facility, improved with various warehouse, commercial and accessory buildings, dating back to 1928. Prior to 1923 the site was utilized as a fertilizer manufacturing facility. There are various underground storage tanks (USTs), however, the location of the USTs on the site is unknown. In addition, there were hazardous waste storage facilities adjacent to certain of the buildings.

Per the DTSC EnviroStor Site History, known contaminants include various heavy metals, high concentrations of carcinogenic polycyclic aromatic hydrocarbons (PAHs), and "elevated PCE soil vapor plume." Further, the Site History indicates that the "Groundwater is impacted by PCE."

On July 10, 2012, DTSC approved the RAW. In a letter from DTSC to the property owner (City of Huntington Park), DTSC indicates that "Approximately 2,500 cubic yards (3,750 tons) of contaminated soil that is found in the upper five feet will be excavated and transported to a state approved treatment facility to achieve commercial/industrial cleanup goals." "The anticipated depth of excavation is between three and ten feet." The DTSC report indicates, however, that "if additional PCB contamination is found, a spate work plan and CEQA document will be prepared for its removal." In addition, the DTSC report states that ground water is located approximately 136 feet BGS (below ground surface) and is impacted by volatile organic compounds. Groundwater and soil vapor conditions at the site are continuing to be investigated and will be further addressed by the City and DTSC at a later date."

SITE DESCRIPTION (Continued)

COMMENT: (Continued)

Lastly, note that the per the DTSC letter, the soil remediation of the subject site is exempt from the California Environmental Quality Act (CEQA) as the project “will have no significant effect on the environment because the excavation is limited in size (2,500 cubic yards).”

The reader is referred to (1) the DTSC EnviroStor Summary printout, with referenced links to various DTSC documents, and (2) July 5, 2012 DTSC letters and the CEQA Exemption, in the Addenda Section.

As part of the appraisal study, the appraisers requested a soil remediation cost estimate. Per the City of Huntington Park (property owner and client of the appraisal), a cost estimate to remediate the soil has not been prepared to date, nor will a cost estimate be prepared in the immediate future. Note that it is beyond the scope and expertise of the appraisers to prepare a soil remediation cost estimate.

Based on the foregoing, absent a soil remediation cost estimate, the fair market value of the subject property, in the “as is” condition, cannot be reasonably determined. The client (City of Huntington Park) was advised of the foregoing in a pre-appraisal telephone conference with the City’s special legal counsel.

Per the request of the client, the “as if clean” value of the subject property, has been included herein, under a hypothetical condition. A hypothetical condition is defined, under the Uniform Standards of Professional Appraisal Practice (USPAP), as:

“that which is contrary to what exists but is supposed for the purpose of analysis.”

and

“Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

In the subject case, the hypothetical condition employed assumes, contrary to known fact, that the soil remediation, as well as any required ground water remediation, has been completed.

SITE DESCRIPTION (Continued)

COMMENT: (Continued)

Inasmuch as the “as is” market value of the subject property cannot be reasonably determined absent soil and ground water remediation cost estimates, the “as is” value can only reasonably be stated as being less than the indicated “as if clean” value of the subject site, assuming the soil and ground water remediation has been completed.

LOCATION: West side of Alameda Street, beginning 650± feet north of Gage Avenue, in the City of Huntington Park.

LAND SHAPE: Irregular land configuration.

DIMENSIONS: Various dimensions; refer to the highlighted portion of the plat maps on the following page.

LAND AREA: The subject property includes the vacated railroad right-of-way adjacent west of the site. Inasmuch as a survey of the subject property was not provided for review, the land area utilized herein was obtained from (1) Los Angeles County Assessor’s mapping, (2) Los Angeles County Assessor’s records, (3) the appraisers’ mathematical calculations, and (4) land area calculations provided by the property owner. The subject property contains a total land area of 236,690± square feet (5.43 acres).

TOPOGRAPHY: Effectively level.

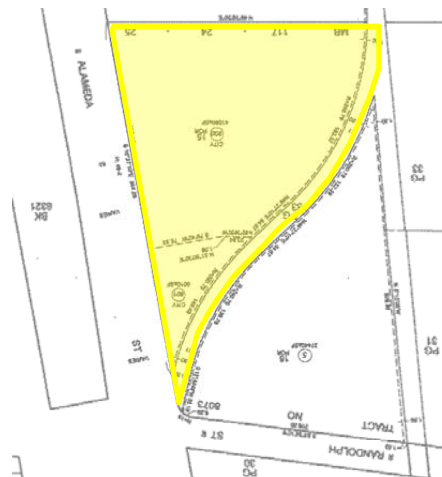
DRAINAGE: Appears to be adequate; no depressions or low areas were noted within the boundaries of the subject property which would cause a water ponding condition during the rainy season.

SOIL STABILITY: Appears to be adequate based on surrounding developments. It should be noted, however, that a soils report was not provided for review.

APN: 6009-033-900, 901, 902



APN: 6009-034-900, 901



R. P. LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

SITE DESCRIPTION (Continued)

SOIL CONTAMINATION:	Refer to comments beginning on Page 2-2, following the heading "Comment."
ACCESS:	The subject property has approximately 965 feet of frontage on Alameda Street; the site is located immediately south of the intersection of Randolph Street, and has nominal frontage on Randolph Street.
RIGHT-OF-WAY WIDTH:	Alameda Street: 60 feet. Randolph Street: 30 feet.
STREET SURFACING:	Asphalt paved traffic lanes.
CURB AND GUTTER:	Concrete (each side of each street).
SIDEWALK:	Concrete sidewalk along both sides of Randolph Street and west side of Alameda Street; no sidewalks on east side of Alameda Street.
STREET LIGHTS:	Mounted on ornamental standards and telephone poles.
PUBLIC UTILITIES:	Water, gas, electric power, and telephone are available at the site.
SANITARY SEWER:	Available at site.
ENCROACHMENTS:	None apparent, however, it should be noted that a survey of the subject property was not provided for review.
EASEMENTS:	A title report was not provided for review. Easements, if existing, are assumed to be located along the property boundaries, not interfering with any future highest and best use development. It is assumed there are no "cross-lot" or "blanket" easements.
ILLEGAL USES:	None observed, based on the inspection from the adjacent public right-of-way.

SITE DESCRIPTION (Continued)

PRESENT USE: Major portion of property utilized for automobile parking/storage.

ZONING: The subject property is located within the MPD (Manufacturing Planned Development) zone of the City of Huntington Park. Permitted uses in the MPD zone include industrial, manufacturing, assembly, warehouse, business park, storage, and other similar uses. Certain commercial service uses are also permitted. Residential uses are not permitted.

Development standards in the MPD zone include a front yard setback of 5 feet; there are no side or rear yard setback requirements. The minimum lot size is 5,000 square feet of land area. The maximum floor area ratio (FAR) is 1:1; there is no building height limit.

The parking requirement is based on the use and gross floor area (GFA) of the building. Commercial office and general retail uses require one space per 400 GFA. General industrial uses require one space per 800 square feet of GFA, plus one space for every vehicle used in connection with the use. Warehouse uses require one space per 800 square feet of GFA for buildings containing less than 10,000 square feet, and one space per 1,000 square feet of GFA for buildings that contain more than 10,000 square feet. For mixed industrial and commercial uses, additional spaces are required for office and retail uses exceeding 10% of the GFA, to be calculated using standard office/retail parking ratios.

HIGHEST AND BEST USE: The reader is referred to the first portion of the Valuation Analysis Section for a detailed discussion regarding the highest and best use of the subject property.

BUILDING IMPROVEMENTS

COMMENT:

Per the request of the client, the appraisal inspection was conducted from the adjacent public right-of-way. It should be noted that a complete on-site inspection of the subject property was conducted in May, 2004, as part of a previous appraisal study; certain information, including building size, interior construction details, etc., is based on said inspection.

BUILDING NO. 1:

One story industrial building, 16,325 square feet, built in 1948±, in overall fair-average condition. Construction details include: Class S construction; corrugated metal exterior walls; concrete slab floor; unfinished walls and ceilings; steel frame sliding and hinged doors; steel casement windows.

BUILDING NO. 2:

Two story office building, 2,490 square feet, built in 2000, in overall good condition. Construction details include: Class C construction; concrete block exterior walls; concrete slab floor on first level and plywood flooring on second level; painted concrete block and painted drywall interior walls; painted drywall ceilings; plate glass set in metal frames and double flush hollow core doors; aluminum frame windows; rest room facilities containing a total of five fixtures; forced air heating and cooling system.

OTHER IMPROVEMENTS

COMMENT:

Asphalt and concrete paving; concrete block and iron fencing; shrubbery and tree landscaping.

OWNERSHIP HISTORY

COMMENT:

Per Los Angeles County Assessor records, the subject parcels were acquired by the current owner via Quit Claim deed recorded March 25, 2011, as Document No. 452349. The grantor was the City of Huntington Park Community Development Commission; the transfer price, if any, is unknown. Said transfer is not considered a sale and is mentioned herein for informational purposes only.

TENANT DATA

COMMENT:

Certain lease documents were provided to the appraisers in November, 2010, for a previous appraisal study. Per a copy of the Amended Lease Agreement, dated December 1, 2006, the south portion of the subject property is leased to Nick Alexander, dba Alexander BMW. The original lease began on February 26, 2003, and apparently terminated on June 30, 2007, after which the lease converted to a month-to-month rental agreement. The rental rate, as of November, 2010, was \$6,000 per month, on a triple net (NNN) basis, wherein the tenant pays all property taxes, insurance, utilities, and maintenance costs.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.:

6009-033-900, 901, 902 (portion)
6009-034-900,901

ASSESSED VALUATIONS:

Assessed value for APN 902 (vacant railroad right-of-way) not published by the Los Angeles County Assessor.

Land: \$2,143,800.
Improvements: \$ 00.

ASSESSMENT DATA (Continued)

TAX CODE AREA: 591

TAX YEAR: 2012-2013.

REAL ESTATE TAXES: Not published by the Los Angeles County Assessor.*

SPECIAL ASSESSMENTS: None known.

NEIGHBORHOOD ENVIRONMENT

LOCATION: The subject property is located within the northwest portion of the City of Huntington Park. The site is located approximately two miles east of the Harbor (110) Freeway, and three miles south of the Santa Monica (10) Freeway.

LAND USES: The predominant use in the immediate subject neighborhood is industrial use. There are commercial and industrial uses on Alameda Street at various main intersections such as Gage Avenue, Slauson Avenue, and Florence Avenue. Secondary streets easterly and westerly of Alameda Street have some older residential buildings.

ACCESS: Major east-west thoroughfares in the subject area include Gage Avenue, Slauson Avenue, Florence Avenue, and Vernon Avenue. Primary north-south thoroughfares include Alameda Street, Santa Fe Avenue, Pacific Avenue, and Compton Avenue. As stated, the Santa Monica (10) Freeway and Harbor (110) Freeway are located west and north of the

* Real estate taxes will be adjusted in the event the subject property is sold to a private party or private corporation. The adjusted real estate tax burden will be approximately 1.437856% of the sale price, or Assessor's "cash value." In the absence of a sale-transfer or capital improvements, the maximum allowable increase in the real estate tax is 2% per annum (per the Real Estate Tax Initiative of 1978, known as Proposition 13).

NEIGHBORHOOD ENVIRONMENT (Continued)

ACCESS: (Continued)

subject property, which freeways are part of the freeway network serving the greater Southern California area.

The Alameda Corridor Transportation Facility is located immediately east of the Alameda Street right-of-way. The Alameda Corridor is a 20-mile long rail cargo expressway linking the ports of Long Beach and Los Angeles to the transcontinental rail network near downtown Los Angeles. It is a series of bridges, underpasses, overpasses, and street improvements that separate freight trains from street traffic and passenger trains, facilitating a more efficient transportation network. The project's centerpiece is the Mid-Corridor Trench, which carries freight trains in an open trench that is 10 miles long, 33 feet deep, and 50 feet wide, extending between State Route 91 in Carson and 25th Street in Los Angeles. Construction began in April 1997; operations began in April, 2002. The rail corridor currently provides approximately 40 trains to and from said ports at an average speed of 40 miles per hour. Spur track service is not available at intermediate locations along the route from Central Los Angeles to the ports.

BUILT-UP:

The immediate subject neighborhood is effectively 95% built-up, including off-street parking lots, and storage yards.

OCCUPANCY:

Industrial:	65±% owners 35±% tenants
Commercial:	65±% owners 35±% tenants
Multiple family residential:	1±% owners 99±% tenants
Single family residential:	92±% owners 8±% tenants

NEIGHBORHOOD ENVIRONMENT (Continued)

PRICE RANGE:

Commercial and industrial land values are within a range of approximately \$15 to \$40 per square foot of land area, depending upon the size, location, site prominence, etc. Improved commercial and industrial properties range in value from approximately \$250,000 to \$800,000 for smaller facilities; large multi-tenant properties range in value in excess of \$2,000,000. Typical single family residential properties in the immediate subject area are within a general range of \$150,000 to \$300,000. Multiple family residential properties are within a much broader range; smaller complexes such as duplexes and triplexes generally range from \$200,000 to exceeding \$500,000; large multiple family residential properties range in value in excess of \$1,000,000.

PRICE TREND:

Real estate values, in general, were declining between 1991 and 1995. The value trend, however, generally stabilized during 1996 and 1997. Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits.

NEIGHBORHOOD ENVIRONMENT (Continued)

PRICE TREND: (Continued)

Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It appears that there has been an increase in sales activity and a slight increase in pricing in recent months, due to (1) formerly hesitant buyers concluding that the housing market has reached bottom, (2) investors buying properties to rehabilitate and sell for a profit or keep as rental properties, and (3) the continued availability of historically low mortgage interest rates.

Real estate trends affecting commercial and industrial properties within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial and industrial markets also began to experience decreases in price levels and development activity, which decreases accelerated in the latter portion of 2008, and continued through the end of 2009.

Per discussions with various brokers, it appears that commercial and industrial property values generally stabilized in the mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

NEIGHBORHOOD ENVIRONMENT (Continued)

- AGE RANGE:** The age range of all types of improved properties is rather broad. Generally, the age range is 15 years to exceeding 85 years. Typical industrial and commercial properties have effective ages of approximately 25 to 75 years. Residential improvements (apartment buildings and single family residential structures on the periphery of the industrial district) range in age from approximately 35 to 80 years.
- PROPERTY MAINTENANCE:** Property maintenance in the immediate and general neighborhood, evidenced by an ongoing maintenance program, ranges from fair-poor to good.
- PUBLIC/PRIVATE FACILITIES:** The availability and adequacy of public facilities, transportation, schools, industrial areas, commercial facilities and residential housing are rated average. The City of Huntington Park provides police protection. Fire protection is provided under contract arrangement with the County of Los Angeles.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

Highest and best use is defined in *The Appraisal of Real Estate*, by the Appraisal Institute, 11th Edition, Page 297, as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character and quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible
2. Legally permissible
3. Financially feasible
4. Maximally productive

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

Conclusion, as if Vacant:

The subject property contains 236,690± square feet of land area (5.43 acres), has an irregular land configuration, and an inside location on a primary street.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

All public utilities are available to the site. Site prominence, exposure, and access are rated average. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

As previously stated, the subject property is located within the MPD (Manufacturing Planned Development) zone of the City of Huntington Park. Permitted uses include industrial, manufacturing, assembly, warehouse, business park, storage, and other similar uses. Certain commercial service uses are also permitted. Residential uses are not permitted. The immediate area is developed primarily with industrial developments.

Based upon tenant and owner-user demand exhibited at other developments within the immediate and general subject area, the maximally productive use of the subject property, if vacant, and assuming the soil and ground water contamination has been remediated, would be industrial development, in accordance with current zoning standards.

Conclusion, as Improved:

The subject property is presently improved with a one-story industrial building and a two-story office building; a portion of the site is currently utilized for automobile storage. The industrial building contains 16,325 square feet, is of Class S construction, was originally constructed in 1948±, and is in fair-average condition. The office building contains 2,490 square feet, is of Class C construction, was originally constructed in 2000, and is in good condition. The functional utility of the subject property is rated fair-average.

Due to the large land area of the subject property, the highest and best use of the subject property, assuming the soil and ground water contamination has been remediated, is industrial development. Any interim value of the existing improvements is considered offset by demolition and clearing of the same. As indicated in the Subject Property Section beginning on Page 2-2, following the heading "Comment," the subject property suffers from soil contamination as well as potential ground water contamination. It is unknown whether demolition of the subject buildings would be required as part of the remediation procedures. The "as if clean" value of the subject property has been based upon the subject property being effectively vacant industrial land.

VALUATION ANALYSIS (Continued)

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Inasmuch as the subject property is an effectively vacant land parcel, the Sales Comparison Approach is the only approach considered applicable as a reliable indicator of value.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of vacant or effectively vacant industrial land having recently sold within the general subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of each sale property.

The reader is referred to the summary of Industrial Land Value Indicators on the following page. The properties surveyed consist of industrial land parcels ranging in size from 104,082 to 1,200,078 square feet. The purchase prices per square foot of land area range from \$18.33 to \$22.17. The sales are set forth in chronological order and took place between April, 2011, and February, 2012.

Financing and Cash Equivalency Adjustments:

Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases wherein the cash down payment is less than 10% of the purchase price, and the financing is other than conventional. The less than typical cash down payment, combined with other than conventional financing, could influence a higher purchase price.

INDUSTRIAL LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-11	M	948,301 sf	double	no	\$21,022,500	\$22.17
	555 Bandini Blvd., Bell						
2	7-11	M	191,228 sf	no	no	\$ 3,505,000	\$18.33
	2910 Ross St., Vernon						
3	8-11	M2	125,665 sf	no	no	\$ 2,500,000	\$19.89
	13926 Carmenita Rd., Santa Fe Springs						
4	10-11	M2	1,200,078 sf	no	no	\$22,125,000	\$18.44
	6100 Garfield Ave., Commerce						
5	10-11	M3	339,768 sf	no	2 streets	\$ 6,456,000	\$19.00
	4500 Ardine St., South Gate						
6	12-11	MPD	129,904 sf	double	2 streets	\$ 2,800,000	\$21.55
	5925 S. Alameda St., Huntington Park						
7	2-12	M2	104,082 sf	no	no	\$ 1,965,500	\$18.88
	396-400 E. Compton Blvd., Gardena						

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Financing and Cash Equivalency Adjustments: (Continued)

All of the sale properties employed in this study, with the exception of Data 1, involved all cash transactions; Data 1 involved 29% cash down with conventional financing. A cash equivalency adjustment, therefore, is not warranted for any of the sale properties.

Market Conditions:

Based upon discussions with buyers, sellers, and local real estate brokers, as well as observations of overall market conditions, it was apparent that there was a general upward value trend affecting properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits.

Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values subsequently subsided in the mid portion of 2010 and are considered to be attributed to the first time home buyers tax credit. It appears that there has been an increase in sales activity and a slight increase in pricing in recent months, due to (1) formerly hesitant buyers concluding that the housing market has reached bottom, (2) investors buying properties to rehabilitate and sell for a profit or keep as rental properties, and (3) the continued availability of historically low mortgage interest rates.

Real estate trends affecting commercial and industrial properties within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial and industrial markets also began to experience decreases in price levels and development activity, which decreases accelerated in the latter portion of 2008, and continued through the end of 2009.

VALUATION ANALYSIS (Continued)

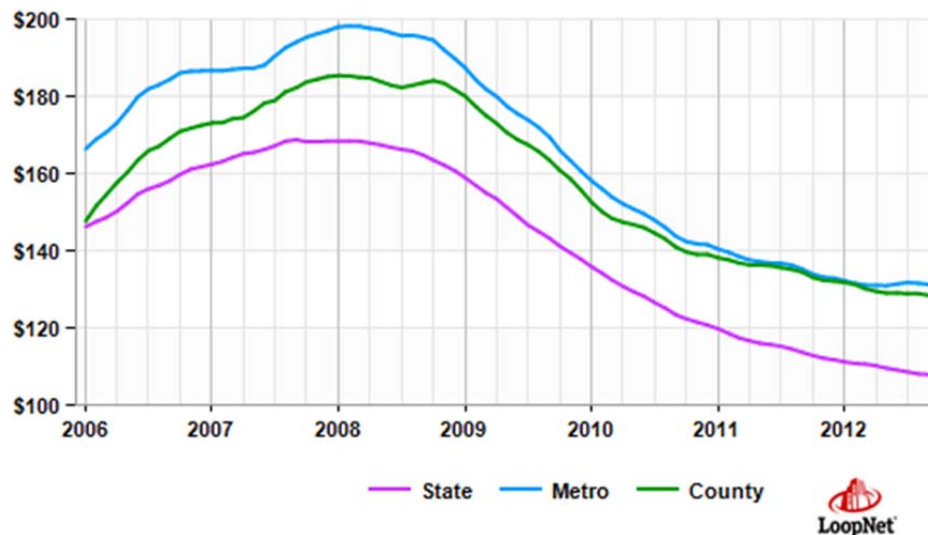
SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

Per discussions with various brokers, it appears that commercial and industrial property values generally stabilized in the mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

Refer to the following Loopnet graph, which represents the asking price trend for industrial properties listed for sale in (1) the State of California, (2) the subject metro area (City of Huntington Park and surrounding markets), and (3) the County of Los Angeles.

Asking Prices Industrial for Sale Huntington Park, CA (\$/SF)



As can be noted, the graph shows that industrial property values in the subject metro area, as well as in the County of Los Angeles, have been generally stable (level) for the past 12 to 18 months. Various brokers have indicated that industrial property values have been generally level since 2010. Note, however, that it appears that there has been an increase in sales activity and demand in recent months, as investors and owner-users are beginning to take advantage of reduced industrial real estate values.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

Inasmuch as all the sale transactions occurred subsequent to the general stabilization of the industrial real estate market (mid to latter portion of 2010), a market conditions (time) adjustment is not warranted for any of the sale properties.

Elements of Comparability:

After viewing all of the land sale properties, an analysis was made of the various elements of comparability. In analyzing the land sale properties, it is important to consider the various elements of comparability, as discussed in the rental value analysis of the subject parcels. For reference purposes, they are summarized as follows:

General location.	Secondary (alley) access.
Site prominence and exposure.	Building improvements, if any.
Corner vs. inside location.	Extent of other on-site improvements.
Land configuration/utility.	

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, land size, and building improvements were considered the most important factors when analyzing the various sale properties, in the subject case.

The marketability of each sale property was also considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale.

It should be noted that older improved industrial properties will often be marketed as "effectively vacant land," based on the underlying land value, if the property (1) has a large land/building area ratio, (2) contains older buildings nearing the end of their economic life, (3) contains buildings of metal construction, or (4) contains buildings that are in substandard condition, having deferred maintenance and/or requiring significant renovation.

All of the sale properties, with the exception of Data 6 and 7, represent industrial properties that sold based on the underlying land value, wherein the existing building improvements are scheduled to be demolished to make way

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Elements of Comparability: (Continued)

for new developments. Data 6 represents the sale of a vacant truck dealer located opposite the subject property, at the northwest corner of Alameda Street and Randolph Street. The property was listed for sale as effectively vacant land, but the buyer is apparently renovating the existing building. Data 7 was listed for sale based on the value of the underlying land, but the buyer will continue to utilize the existing buildings.

The reader is referred to the Market Analysis Comparison Grid on the following page. The adjustments for comparability, with the exception of conditions of sale, financing, or market conditions (time), are judgment estimates and are intended to be general in the process of equating the subject property with the respective sale properties and varying elements of comparability. None of the sale properties required adjustments for conditions of sale, financing, or market conditions. The adjustments for the various elements of comparability were applied on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market.

Based on the foregoing, the unit rates applicable to the various sale properties range from \$18.33 to \$22.17 per square foot of land area. As stated, due to the lack of direct market evidence, qualitative adjustments were applied to the sale properties for the various elements of comparability. An array was developed summarizing the overall comparability and land value rates for the various sale properties, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF Land</u>
1	superior	\$22.17
6	superior	\$21.55
Subject	---	\$20.00
3	similar	\$19.89
5	Inferior	\$19.00
7	inferior	\$18.88
4	inferior	\$18.44
2	inferior	\$18.33

MARKET ANALYSIS COMPARISON GRID									"As if Clean"	
Data		1	2	3	4	5	6	7		
Purchase price: Rate per sq. ft.: Property rights: Conditions of sale: Financing: Date of sale: Market conditions:		\$21,022,500 \$22.17 fee simple 0.0% 0.0% 4-11 0.0%	\$3,505,000 \$18.33 fee simple 0.0% 0.0% 7-11 0.0%	\$2,500,000 \$19.89 fee simple 0.0% 0.0% 8-11 0.0%	\$22,125,000 \$18.44 fee simple 0.0% 0.0% 10-11 0.0%	\$6,456,000 \$19.00 fee simple 0.0% 0.0% 10-11 0.0%	\$2,800,000 \$21.55 fee simple 0.0% 0.0% 12-11 0.0%	\$1,965,500 \$18.88 fee simple 0.0% 0.0% 2-12 0.0%		
Adjusted unit rate: Rate per sq. ft.:		\$22.17	\$18.33	\$19.89	\$18.44	\$19.00	\$21.55	\$18.88		
Comparability: General location: Immediate environmental influence: Land size: Best use / zoning: Land configuration / utility: Corner location: Site prominence / exposure: Secondary (alley) access: Building improvements / interim use: Plans / entitlements:		Sale is: similar similar inferior similar similar superior similar similar similar no average no as if vacant no	Sale is: superior similar similar similar inferior similar inferior similar similar no inferior similar similar similar	Sale is: similar similar similar similar similar similar similar similar similar similar similar similar similar similar	Sale is: similar similar inferior similar similar similar similar similar similar similar similar similar similar similar	Sale is: similar similar similar similar similar similar inferior superior similar similar similar	Sale is: similar similar similar similar superior similar superior superior superior similar	Sale is: inferior similar similar similar similar similar inferior similar superior superior similar		
Overall comparability:		1	2	3	4	5	6	7		
Data		superior	inferior	similar	inferior	inferior	superior	inferior		

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Elements of Comparability: (Continued)

All of the sale properties were considered helpful in the forgoing valuation; similar weight has been assigned to all the sale properties. By way of review and comparison, the subject property contains 236,690± square feet of land area (5.43 acres), has an irregular land configuration, and an inside location on a primary street; the site is located in the MPD (Manufacturing Planned Development) zone. The highest and best use of the subject property is industrial development.

Based on the review and analysis of the various sale properties, and considering the various elements of comparability, the indicated unit rate applicable to the subject property, assuming the soil and ground water contamination has been remediated, as of a current date, is estimated at \$20.00 per square foot of land area, as follows:

Land, "as if clean":

236,690 SF @ \$20.00 = \$4,733,800.

Adjusted: \$4,735,000.

FINAL ESTIMATE OF VALUE

As indicated in the Subject Property Section beginning on Page 2-2, following the heading "Comment," the subject property suffers from soil contamination as well as potential ground water contamination.

The reader is referred to (1) the DTSC EnviroStor Summary printout, with referenced links to various DTSC documents, and (2) July 5, 2012 DTSC letters and the CEQA Exemption, in the Addenda Section. Refer also to the referenced documents, as contained on the DTSC website, in the EnviroStor database.

The foregoing value of \$4,735,000 represents a hypothetical "as if clean" value. The "as if clean" value employs a hypothetical condition which assumes, contrary to known fact, that the soil remediation and any potential ground water remediation has been completed in accordance with DTSC commercial/industrial development standards.

VALUATION ANALYSIS (Continued)

FINAL ESTIMATE OF VALUE: (Continued)

As part of the appraisal study, the appraisers requested a soil remediation cost estimate. Per the City of Huntington Park (property owner and client of the appraisal), a cost estimate to remediate the soil has not been prepared to date, nor will a cost estimate be prepared in the immediate future. Note that is beyond the scope and expertise of the appraisers to prepare a soil remediation cost estimate.

Based on the foregoing, absent a soil remediation cost estimate, the fair market value of the subject property, in the “as is” condition, cannot be reasonably determined. The client (City of Huntington Park) was advised of the potential inability to determine the “as is” value with any certainty, in a pre-appraisal telephone conference with the City’s special legal counsel.

The indicated “as is” value of the subject property can only reasonably be stated as being less than the indicated “as if clean” value of \$4,735,000. The amount by which the “as is” value is less than the stated “as if clean” value is unknown. In the event the cost of soil and/or ground water remediation exceeds the “as if clean” value of the subject property, the “as is” value may be a negative number.

By definition, a “market value” or “fair market value” transaction assumes a willing and informed buyer and seller. At the present time, neither the owner/seller (City of Huntington Park) nor any potential buyer, could reasonably be informed as to the soil remediation costs. Further, while it is understood that the City of Huntington Park is considering selling the subject property, it is strongly recommended that legal counsel be consulted and a determination be made as to the legal ability of the City to sell or transfer the property under current DTSC requirements, and/or any other environmental regulations, remediation liability assumptions, performance bond issuance requirements, property transfer requirements, etc.

MARKETING EXPOSURE:

The marketing exposure of a property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a more limited marketing period. During the course of market research for the subject appraisal study, interviews were conducted with parties involved in the various sale transactions employed herein. Based on those interviews, the marketing exposure estimated for the subject property, “as if clean,” is approximately 6 to 12 months.

MARKET DATA

MARKET DATA SUMMARY

INDUSTRIAL LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-11	M	948,301 sf	double	no	\$21,022,500	\$22.17
	555 Bandini Blvd., Bell						
2	7-11	M	191,228 sf	no	no	\$ 3,505,000	\$18.33
	2910 Ross St., Vernon						
3	8-11	M2	125,665 sf	no	no	\$ 2,500,000	\$19.89
	13926 Carmenita Rd., Santa Fe Springs						
4	10-11	M2	1,200,078 sf	no	no	\$22,125,000	\$18.44
	6100 Garfield Ave., Commerce						
5	10-11	M3	339,768 sf	no	2 streets	\$ 6,456,000	\$19.00
	4500 Ardine St., South Gate						
6	12-11	MPD	129,904 sf	double	2 streets	\$ 2,800,000	\$21.55
	5925 S. Alameda St., Huntington Park						
7	2-12	M2	104,082 sf	no	no	\$ 1,965,500	\$18.88
	396-400 E. Compton Blvd., Gardena						

MARKET DATA # 1

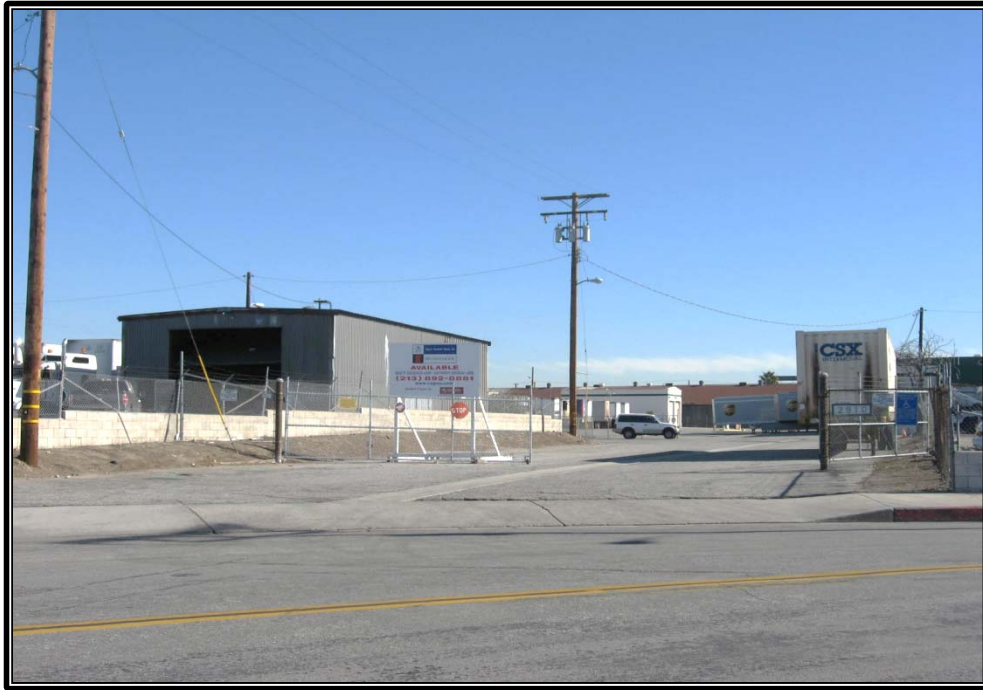
5555 Bandini Boulevard
Bell



GRANTOR:	United States Postal Service	APN:	6332-002-932, 940, 933 (por)
GRANTEE:	Bandini XC, LLC	LAND SIZE:	948,3010 sq.ft.
SALE DATE:	April 25, 2011	ZONING:	M
DOC. NO.:	594625	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$21,022,500	PRESENT USE:	Industrial building in construction phase
TERMS:	\$15,000,000 conventional	BLDG. IMPS.:	Older building demolished
CONFIRMED BY:	Christopher Beck, broker		
VALUE INDICATION: \$22.17 per SF land			

MARKET DATA #2

2910 Ross Street
Vernon



GRANTOR:	37th Street Properties	APN:	6302-010-013
GRANTEE:	Dedeaux Properties, LLC	LAND SIZE:	191,228 sq.ft.
SALE DATE:	July 28, 2011	ZONING:	M
DOC. NO.:	1006980	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$3,505,000	PRESENT USE:	Older industrial building
TERMS:	All cash	BLDG. IMPS.:	Nominal value
CONFIRMED BY:	Market data resources		

VALUE INDICATION: \$18.33 per SF land

MARKET DATA #3

13926 Carmenita Road
Santa Fe Springs



GRANTOR:	Feser Family, LP	APN:	8059-004-003
GRANTEE:	Changs Carmenita Warehouse, LLC	LAND SIZE:	125,665 sq.ft.
SALE DATE:	August 30, 2011	ZONING:	M2
DOC. NO.:	1168678	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$2,500,000	PRESENT USE:	Industrial buildings scheduled for demolition
TERMS:	All cash	BLDG. IMPS.:	Industrial buildings of nominal value
CONFIRMED BY:	Clif Fincher, broker		
VALUE INDICATION: \$19.89 per SF land			

MARKET DATA #4

6100 Garfield Avenue
Commerce



GRANTOR:	Sinclair Ameritone Paint Corporation	APN:	6356-019-006, 007
GRANTEE:	KTR Capital Partners, LP	LAND SIZE:	1,200,078 sq.ft.
SALE DATE:	October 3, 2011	ZONING:	M2
DOC. NO.:	1337331	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$22,125,000	PRESENT USE:	Industrial building in construction phase
TERMS:	All cash	BLDG. IMPS.:	Older building demolished
CONFIRMED BY:	Paul Sablock, broker		
VALUE INDICATION: \$18.44 per SF land			

MARKET DATA #5

4500 Ardine Street
South Gate



GRANTOR:	United States Gypsum Company	APN:	6215-002-011
GRANTEE:	Petersburg, LP	LAND SIZE:	339,768 sq.ft.
SALE DATE:	October 26, 2011	ZONING:	M3
DOC. NO.:	1448077	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$6,456,000	PRESENT USE:	Vacant paper mill
TERMS:	All cash	BLDG. IMPS.:	Industrial buildings of nominal value
CONFIRMED BY:	Barry Love, grantee		
VALUE INDICATION: \$19.00 per SF land			

MARKET DATA #6

5925 South Alameda Street
Huntington Park



GRANTOR:	Billy W. Witcher Trust	APN:	6009-030-013, 014, 015, 016
GRANTEE:	Arie Dejong Family Trust	LAND SIZE:	129,904 sq.ft.
SALE DATE:	December 1, 2011	ZONING:	MPD
DOC. NO.:	1626262	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$2,800,000	PRESENT USE:	Vacant truck dealer
TERMS:	All cash	BLDG. IMPS.:	Auto repair buildings of slight value
CONFIRMED BY:	Market data resources		
VALUE INDICATION:		\$21.55 per SF land	

MARKET DATA #7

396-400 East Compton Boulevard
Gardena



GRANTOR:	Warren S. Jones, et al	APN:	6129-014-030 6129-015-041
GRANTEE:	MTN Holdings, LLC	LAND SIZE:	104,082 sq.ft.
SALE DATE:	February 23, 2012	ZONING:	M2
DOC. NO.:	291360	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$1,965,500	PRESENT USE:	Industrial storage
TERMS:	All cash	BLDG. IMPS.:	Industrial buildings of slight value
CONFIRMED BY:	Joe Sojka, broker		
VALUE INDICATION:		\$18.88 per SF land	

MARKET DATA MAP

DATA 1

DATA 2

DATA 3

DATA 4

DATA 5

DATA 6

DATA 7

SUBJECT

Scale 1 : 87,500

MN (12.4°E)

 $1'' = 1.38 \text{ mi}$

3
Data Zoom 12-0

ADDENDA

See aerial photograph on first page of Subject Property Section.



PHOTO NO. 1: View looking northwesterly at subject property from Alameda Street.



PHOTO NO. 2: View looking southwesterly at subject property from Alameda Street (immediately south of Randolph Street).



PHOTO NO. 3: View looking northwesterly at subject industrial building.



PHOTO NO. 4: View looking northwesterly at subject office building.



PHOTO NO. 5: View looking southwesterly at vacated railroad right-of-way from intersection of Alameda Street and Randolph Street.



PHOTO NO. 6: View looking north along Alameda Street from a point south of the subject property.



PHOTO NO. 7: View looking south along Alameda Street from intersection of Randolph Street.



PHOTO NO. 8: View looking west along Randolph Street from intersection of Alameda Street.

DTSC ENVIROSTOR SUMMARY

DEPARTMENT OF TOXIC SUBSTANCES CONTROL **ENVIROSTOR**

FORMER SOUTHLAND STEEL FACILITY (60000434)

SIGN UP FOR EMAIL ALERTS

5959, 5969, 6011, 6161, AND 6169 SOUTH ALAMEDA ST.
HUNTINGTON PARK, CA 90255
LOS ANGELES COUNTY
SITE TYPE: VOLUNTARY CLEANUP

PROJECT MANAGER:
SUPERVISOR:
OFFICE:

[MANJUL BOSE](#)
JAVIER HINOJOSA
CLEANUP CHATSWORTH

Site Information

CLEANUP STATUS

INACTIVE - ACTION REQUIRED AS OF 11/6/2012

SITE TYPE: VOLUNTARY CLEANUP
NATIONAL PRIORITIES LIST: NO
ACRES: 4 ACRES
APN: NONE SPECIFIED
CLEANUP OVERSIGHT AGENCIES:
DTSC - SITE CLEANUP PROGRAM - **LEAD**

ENVIROSTOR ID: 60000434
SITE CODE: 301271
SPECIAL PROGRAM: CLRRRA LIABILITY IMMUNITY (AB 389)
FUNDING: SITE PROPONENT
ASSEMBLY DISTRICT: 59
SENATE DISTRICT: 33

Regulatory Profile

PAST USE(S) THAT CAUSED CONTAMINATION

FOUNDRY, FUEL - VEHICLE STORAGE/ REFUELING, HAZARDOUS WASTE STORAGE - TANKS/CONTAINERS, MACHINE SHOP, MANUFACTURING - METAL, RETAIL - VEHICLES, WAREHOUSING, VEHICLE MAINTENANCE

POTENTIAL CONTAMINANTS OF CONCERN

[METALS](#)
[PETROLEUM](#)
POLYNUCLEAR AROMATIC HYDROCARBONS (PAHS)
[SEMI-VOLATILE ORGANICS \(8270 SVOCs\)](#)
[UNCATEGORIZED](#)
[VOLATILE ORGANICS \(8260B VOCs\)](#)

POTENTIAL MEDIA AFFECTED

OTHER GROUNDWATER AFFECTED (USES OTHER THAN DRINKING WATER), SOIL, SOIL VAPOR

Site History

The Site is a semi-rectangular piece of property (approximately five acres in size), that is located in a commercial/industrial area. The subject property includes the street addresses 5959, 5969, 6011, 6161, and 6169 South Alameda Street, Huntington Park. The subject property consisted of a former steel manufacturing/foundry facility, which was improved with three warehouse buildings, two commercial buildings (office), one warehouse accessor building, and one machine shop. Prior to 1923, the site was used as a fertilizer manufacturing facility. Since 1928, various steel manufacturing companies have occupied the site. In 1966, four 5,000 gallon underground storage tanks (USTs) were installed in the northern end of the Southern Yard, with two USTs reportedly used to store gasoline and the other two used to store diesel. Two additional USTs were installed in the western portion of the Central Yard in 1954. One of the USTs (1,000 gallon) was used to store waste oil, while the other (7,500 gallon) was used to store diesel. The whereabouts of these USTs are at present unknown. In addition, a hazardous waste storage area was identified adjacent to Warehouse Bldg #1 and Warehouse Bldg #2. Heavy metals, including lead, chromium, arsenic, etc. were detected in the Site soils. High concentrations of carcinogenic polycyclic aromatic hydrocarbons (PAHs) were also detected in shallow soil, notably at WB2-5 (569 µg/kg for chrysene), WB2-8 (99 µg/kg for benzo-a-pyrene, 95 µg/kg for chrysene), WB2-9 (584 µg/kg for benzo-a-pyrene, 749 µg/kg for chrysene) WB2-10 (120 µg/kg for benzo-a-pyrene, 99 µg/kg for chrysene), and WB2-14 (1,492 µg/kg for benzo-a-pyrene, 1,265 µg/kg for benzo-b-fluoroanthene, 1,422 µg/kg for chrysene). Some of the borings with high metals do not necessarily overlap with the borings with high PAHs. Chlorinated solvents, in particular PCE, was detected in soil samples from some areas of the Site, but is extensive in soil vapor across the majority of the Site. Notable is an elevated PCE soil vapor plume (greater than 10 µg/L) that appears to cover a large area of the northern portion of Warehouse Bldg #2, and seems to extend in a southerly direction. Groundwater is impacted by PCE (2 ppm) MW-CY23 on site, 40,000 ug/L of Hexavalent Chromium was detected in MW-SY23 (source suspected to be offsite).

Completed Activities

VIEW DOCS	AREA NAME	SUB-AREA	DOCUMENT TYPE	DATE COMPLETED	COMMENTS
VIEW DOCS	Soil		Removal Action Workplan	7/10/2012	RAW approved for implementation.
VIEW DOCS	Soil		CEQA - Notice of Exemption	7/6/2012	CEQA Signed and filed with OPR
VIEW DOCS	Soil		Fact Sheets	5/25/2012	Fact Sheet is complete.
VIEW DOCS	Soil		Public Notice	5/23/2012	Public Notice is Complete
VIEW DOCS	PROJECT WIDE		Community Profile	5/5/2012	Community Profile is complete
VIEW DOCS	PROJECT WIDE		Monitoring Report	7/22/2011	DTSC response to groundwater monitoring report.
VIEW DOCS	PROJECT WIDE		Annual Oversight Cost Estimate	7/21/2011	DTSC Sent out Cost Estimate for FY 2011-12.
VIEW DOCS	PROJECT WIDE		Site Characterization Report	7/21/2011	Site Characterization Report approved (minor changes will be submitted by the consultant by US Mail).

VIEW DOCS	PROJECT WIDE	Fieldwork	8/31/2009	Fieldwork Completed.
	PROJECT WIDE	Site Characterization Workplan	7/2/2009	Workplan approved.
	PROJECT WIDE	Well Installation Workplan	4/18/2008	Four monitoring wells have been installed and first round of ground water samples have been taken by the consultant.
	PROJECT WIDE	Fieldwork	3/20/2008	SSI Fieldwork deeper boring for Soil Gas completed. Grab groundwater sample taken on final day of drilling.
	PROJECT WIDE	Fieldwork	2/15/2008	SSI Workplan for soil matrix completed as of 2/15/08. Phase II of the SSI will be implemented soon.
	PROJECT WIDE	Site Characterization Workplan	6/7/2007	Completed on 6/7/2007
VIEW DOCS	PROJECT WIDE	California Land Reuse and Revitalization Agreement	8/31/2006	

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**DTSC LETTERS
AND
CEQA EXEMPTION**



Matthew Rodriguez
Secretary for
Environmental Protection



Department of Toxic Substances Control

Deborah O. Raphael, Director
9211 Oakdale Avenue
Chatsworth, California 91311



Edmund G. Brown Jr.
Governor

July 5, 2012

Ms. Fernanda Palacios
Redevelopment Project Manager
City of Huntington Park
6550 Miles Avenue
Huntington Park, California 90255

APPROVAL OF RAW, FORMER SOUTHLAND STEEL FACILITY – 5959 – 6161 ALAMEDA AVENUE, HUNTINGTON PARK, CALIFORNIA

Dear Ms. Palacios:

The Department of Toxic Substances Control (DTSC) has reviewed the *Revised Draft Final Removal Action Workplan* (RAW) (Eco & Associates, May 4, 2012) for the Former Southland Steel" (Site) located at 5959-6161 Alameda Ave, Huntington Park, California 90246. The RAW was available for public comment from May 31, 2012 through June 29, 2012. DTSC has reviewed, responded to, and considered all comments received and determined that no changes were necessary to the RAW.

The RAW details procedures that will be employed to remove soil contaminated with hazardous metals and Volatile Organic Compounds (VOC) at the Site. The objective of the RAW is to mitigate potential risk to human health and the environment through excavation and disposal of soil.

DTSC hereby approves the RAW for implementation and concurs with the methodology for removal activities presented. DTSC also prepared a California Environmental Quality Act (CEQA) – Notice of Exemption (NOE). The enclosed NOE demonstrates the removal action measures presented will not have a significant effect on the environment.

Ms. Fernanda Palacios
July 5, 2012
Page 2

Please notify DTSC a minimum of 7 days prior to start of field work or any schedule changes. If you have any questions, please contact me at 818-717-6560 or mbose@dtsc.ca.gov.

Sincerely,



Manjul Bose
Project Manager
Brownfields & Environmental Restoration Program
Chatsworth Office

Enclosure(s)

cc: Opjit Ghuman
Project Engineer
Eco & Associates
1855 West Katella Avenue, Suite 340
Orange, California 92867

Jacqueline Martinez (electronic)
Public Participation Specialist
Cypress Office

Pete Cooke, P.G., C.H.G. (electronic)
Engineering Geologist
Chatsworth Office

Dr. Vivek Mathrani, Ph.D. (electronic)
Staff Toxicologist
Berkeley Office



Matthew Rodriguez
Secretary for
Environmental Protection



Department of Toxic Substances Control

Deborah O. Raphael, Director
9211 Oakdale Avenue
Chatsworth, California 91311



Edmund G. Brown Jr.
Governor

July 5, 2012

RESPONSE TO COMMENTS ON REVISED DRAFT FINAL REMOVAL ACTION WORKPLAN FOR THE FORMER SOUTHLAND STEEL FACILITY LOCATED AT 5959 – 6161 ALAMEDA AVENUE, HUNTINGTON PARK, CALIFORNIA

Dear Community Member:

The Department of Toxic Substances Control (DTSC) invited community members to provide comments regarding a proposed plan of excavation and removal of contaminated soil at the Former Southland Steel Facility, Huntington Park, California during the comment period of May 31, 2012 to June 29, 2012.

The enclosed Response to Comments document provides a written response to all of the written comments DTSC received during the comment period for the Revised Draft Final Removal Action Workplan. Based on these comments, no changes were necessary to the initial draft plan. The Removal Action Workplan has now been finalized and approved by DTSC for implementation. Field activities associated with the removal of soil are expected to begin at the end of July 2012.

The approved Removal Action Workplan is available electronically at
https://www.envirostor.dtsc.ca.gov/public/profile_report.asp?global_id=60000434
If you have any questions regarding the Response to Comments or Revised Draft Final Removal Action Workplan please contact Jacqueline Martinez, DTSC
Public Participation Specialist at 1-866-495-5651, or myself at (818) 717-6560.

Sincerely,

Manjul Bose
Project Manager
Brownfields & Environmental Restoration Program
Chatsworth Office

Enclosure

RESPONSE TO PUBLIC COMMENTS
FORMER SOUTHLAND STEEL FACILITY
HUNTINGTON PARK, CALIFORNIA

Comment 1: I am the Owner of Rawlins Public Scales, located at 1925 E. Randolph Street, Los Angeles, Calif. 90001. The subject property is almost adjacent to my property. My concern is there may be hazardous materials that may have affected my property by way of groundwater or other means. With this in mind I would like to request the City of Huntington Park test my property by way of way of core sampling accordingly. This matter could have serious adverse effects on my property. Please call or email with any questions.

Response: Thank you for your comment. Your property is located north of the subject property. DTSC does not believe your property is a source for contamination nor is it impacted by the contamination found at the Former Southland Steel facility. The contamination found at the property is localized to the central portion of the site and are not motile and thus would have not affected your property. Groundwater, though contaminated is located at 130+ feet below surface and currently flows to the south east. Mitigation efforts in place during excavation and removal will limit the general public to the exposure of contaminated soil. DTSC believes that sampling at your property is not warranted at this time.

CALIFORNIA ENVIRONMENTAL QUALITY ACT NOTICE OF EXEMPTION

To: Office of Planning and Research
State Clearinghouse
P.O. Box 3044, 1400 Tenth Street, Room 212
Sacramento, CA 95812-3044

From: Department of Toxic Substances Control
Brownfields & Environmental Restoration Program
9211 Oakdale Avenue
Chatsworth, CA 91311

Project Title: Approval of the Removal Action Workplan for the Former Southland Steel Facility

Project Location: 5959, 5969, 6011, 6161 & 6169 Alameda Street, Huntington Park, CA 90255

County: Los Angeles

Project Description:

This project involves DTSC's approval of a Removal Action Workplan (RAW) which describes response actions to address site soil impacted with Polycyclic Aromatic Hydrocarbons (PAH's), Arsenic, and Lead at the former Southland Steel facility (Site). The proposed response action consists of the excavation and offsite disposal of up to 2,500 cubic yards (3,750 tons) of contaminated soil to achieve commercial/industrial cleanup goals. The expected excavation depth is between the top two and five feet. The removal action project proposes excavation and transport of impacted soil from the former Southland Steel facility to an offsite facility for treatment and disposal. The proposed removal of contaminated soil will be conducted in accordance with the methods and procedures presented in the document entitled "Removal Action Workplan (RAW)". The Site is vacant dirt lot therefore no clearing or grubbing activities will be required prior to soil excavation.

Background:

The property was developed as a fertilizer manufacturing facility (American Agricultural Chemical Company) sometime before 1923. Between 1928 and 1934, the fertilizer facility was removed and a new steel manufacturing facility, occupied by Rawlins Bros. Steel Supplies (Rawlins), was reported to operate at the site. The Site has been used for steel manufacturing or foundry operations since then. Southland Steel occupied the subject property from sometime between 1972 and 1988 until approximately 2002 when their operations ceased. Site buildings were removed in 2008 except for an automotive storage area in the south of the site and the new office building built in 2000. The subject property is currently leased by the City of Huntington Park for vehicle parking and storage by an automobile dealership.

Project Activities:

Approximately 2,500 cubic yards (3,750 tons) of contaminated soil that is found in the upper five feet will be excavated and transported to a state approved treatment facility to achieve commercial/industrial cleanup goals. Cleanup goals are 0.21 mg/kg for PAH's measured as Benzo(a)Pyrene equivalents, arsenic 12.0 mg/kg, cadmium 7.5 mg/kg, and lead 320 mg/kg.

Contaminants of concern at the site include Polycyclic Aromatic Hydrocarbons (PAH's), Arsenic, Cadmium, and Lead. PAHs were all Benzo(a)Pyrene (BaP) and related compounds. BaP equivalent concentrations ranged from below detection limits to 22.9 milligram per kilogram (mg/kg). Arsenic concentrations in soil ranged from below detection limits to 154 mg/kg; cadmium ranged from non-detect to 10 mg/kg; and, lead concentrations ranged from non-detect to 3,245 mg/kg. Regional screening values for commercial/industrial settings were used as cleanup goals for this project.

The project activities will consist of:

1. Soil Excavation to achieve the Site's residential cleanup goals using a front-end loader and backhoe. The anticipated depth of excavation is between three and ten feet.
2. Following successful completion of the removal action, excavated areas will be backfilled with like volume of clean soil.
3. In addition, an area of possible concern for Polychlorinated Biphenyls (PCBs) will be investigated near the site of former transformers that have been removed. If these soils are found to be contaminated, they will be excavated separately and segregated in a unique stockpile for separate shipment to an appropriate site for PCB contaminated soil disposal, based upon their contaminant concentration. While it is uncertain if this contamination is present, if it is found

up to 150 cubic yards of such soil may be handled in this manner to achieve commercial/industrial cleanup levels. If additional PCB contamination is found, a separate work plan and CEQA document will be prepared for its removal.

4. A Land Use Covenant will limit the site to Commercial/Industrial use based on the cleanup standards applied.

Removal activities will begin following all agency approvals and issuance of permits by the City of Huntington Park. The anticipated start date of the removal action is July 2012. It is expected that the removal can be completed in approximately 10 weeks. During these activities, the Site will be secured and shielded from public view. Fieldwork will take place Monday through Friday during daylight hours. As may be permitted by the City, occasional, light fieldwork activities may take place on Saturdays.

The removal action will reduce concentrations of chemicals of potential concern in soil to minimize future exposure to humans and potential ecological receptors and reduce their potential for impact to the groundwater beneath the Site.

Groundwater is located at approximately 136 feet below ground surface (bgs) and is impacted by volatile organic compounds. Groundwater and the soil vapor conditions at the site are continuing to be investigated and will be further addressed by the City and DTSC at a later date.

Name of Public Agency Approving Project: Department of Toxic Substances Control

Name of Person or Agency Carrying Out Project: The City of Huntington Park

Exemption Status: (check one)

- ☐ Ministerial [PRC, Sec. 21080(b)(1); CCR, Sec. 15268]
- ☐ Declared Emergency [PRC, Sec. 21080(b)(3); CCR, Sec. 15269(a)]
- ☐ Emergency Project [PRC, Sec. 21080(b)(4); CCR, Sec. 15269(b)(c)]
- ☐ Categorical Exemption: Class 30 [Cal. Code Regs. Tit. 14, §15330]
- ☐ Statutory Exemptions: [State code section number]
- ☒ General Rule [CCR, Sec. 15061(b)(3)]

Exemption Title: With Certainty, No Possibility of Significant Environmental Effect

Reasons Why Project is Exempt:

The proposed project will have no significant effect on the environment because the excavation is limited in size (2,500 cubic yards). The groundwater is located at 136 feet below ground surface (bgs). It is impacted and there is possible regional contamination that the Department is pursuing. Groundwater conditions at the site will be further investigated as a subsequent project phase. Removal of the contamination will mitigate threat to the groundwater by removing major part of the sources at this site.

The project Site is located in an industrial area and access to it secured by fencing and a gate. Controls will be in place to protect the health and safety of employees, workers, and the public from on-site activities. Among these include:

- A Storm Water Pollution Prevention Plan will be in place to control runoff from the site during the excavation and backfill activities.
- Stockpiles will be tarped for dust control. Site soils will be sprayed with water to control dust and particulates as needed.
- Monitoring for Volatile Organic Compounds will occur during excavation. If they are detected at substantial levels, additional control measures, including foam, may be used to control emissions.
- Trucks will be inspected and if needed, decontaminated on site, prior to leaving the site.
- Ingress and egress from the site will be controlled by flagmen. Trucks will not enter or leave the site at less than 15 minute intervals. Trucks will be staged on site to limit stacking or traffic congestion on public streets.

The site is in a previously disturbed industrial area. The Site is not designated as an area of critical habitat for sensitive, threatened, or endangered species. No species of significance were found during a review of the Department of Fish and Game Natural Diversity Database (Rarefind), April 2012. No cultural resources were found to be present in response to a request for review of the Native American Heritage Commission's database in April 2012. There are no known historical or cultural features located at the Site. Arrangements will be made to protect or preserve any such resources that are found. If human remains are discovered at the Site, no further disturbance will occur in the location

where the remains are found, and the County Coroner will be notified pursuant to Health and Safety Code section 7050.5. The Coroner will determine disposition within 48-hours (Public Resources Code, section 5097.98).

There will be no impact from project activities to surface water bodies or groundwater.

The project site does not appear on the Cortese list. The project will not be located on a site which is included on any list compiled pursuant to Cal. Gov. Code § 65962.5 (<http://calepa.ca.gov/sitecleanup/corteselist/default.htm>)

The project will not result in significant air quality impacts or greenhouse gas emissions based given its limited size, the duration of the project and the best management practices that will be in place to control emissions. The South Coast Air Quality Management CalEEMod model was run to assist in developing this determination in May 2012.


The project is consistent with applicable state and local environmental permitting requirements including, but not limited to, off-site disposal, air quality rules such as those governing volatile organic compounds and water quality standards, and approved by the regulatory body with jurisdiction over the site.

Evidence to support the above reasons is documented in the project file record, available for inspection at the Department of Toxic Substances Control, Brownfields and Environmental Restoration Program, 9211 Oakdale Avenue, Chatsworth, California 91311. Attn: Manjul Bose, Project Manager.

Manjul Bose
Project Manager Name

Hazardous Substances Scientist
Project Manager Title

818-717-6560
Phone #


Branch Chief Signature

7/6/12
Date

Steve Lavinger
Branch Chief Name

Supervising Hazardous Substances Scientist II
Branch Chief Title

818-717-6528
Phone #

TO BE COMPLETED BY OPR ONLY

Date Received For Filing and Posting at OPR:

**QUALIFICATIONS
OF
APPRAISERS**

BACKGROUND AND QUALIFICATIONS

John P. Laurain
Certified General Real Estate Appraiser
California Certification No. AG 025754

VICE PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and non-profit facilities include, among others, seaport properties, submerged land, river rights-of-way, reservoirs, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, homeless shelters, hospitals, skilled nursing facilities, churches, meeting halls and lodges, and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Valuation Methodologies: (Continued)

fee and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities:

City of Alhambra	City of Los Alamitos
City of Artesia	City of Los Angeles
City of Baldwin Park	City of Monrovia
City of Bellflower	City of Norwalk
City of Burbank	City of Ontario
City of Carson	City of Palmdale
City of Cathedral City	City of Paramount
City of Compton	City of Pasadena
City of Covina	City of Pico Rivera
City of Cudahy	City of San Juan Capistrano
City of Cypress	City of Santa Fe Springs
City of Downey	City of Seal Beach
City of El Segundo	City of Signal Hill
City of Hawaiian Gardens	City of South El Monte
City of Huntington Beach	City of South Gate
City of Huntington Park	City of Tustin
City of Irwindale	City of Upland
City of Lawndale	City of West Hollywood
City of Long Beach	City of Whittier

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Redevelopment Agencies:

Azusa Redevelopment Agency
Bell Community Redevelopment Agency
Glendale Redevelopment Agency
Hawaiian Gardens Redevelopment Agency
Huntington Beach Redevelopment Agency
Huntington Park Redevelopment Agency
Irwindale Community Redevelopment Agency
La Mirada Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Monrovia Redevelopment Agency
Ontario Redevelopment Agency
Paramount Redevelopment Agency
Signal Hill Redevelopment Agency
Whittier Redevelopment Agency

Other Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
Castaic Lake Water Agency
Hawthorne School District
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Chief Administrative Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Long Beach Community College District
Los Angeles Unified School District
Lynwood Unified School District
Port of Los Angeles
State of California,
 Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services (JAMS), in the County of Orange.

Prepared appraisal reports, and has been retained as an expert witness in conjunction with various eminent domain and litigation matters before the Los Angeles County Superior Court.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino County Superior Court.

ACADEMIC BACKGROUND:

Walden High School, Anaheim, California

College preparation curriculum; represented school in annual scholastic competition.

Los Alamitos/Laurel High Schools

Graduate June, 1985

Advanced courses in pre-calculus, and English writing composition.

Cypress Community College

Basic curriculum.

BACKGROUND AND QUALIFICATIONS (Continued)

ACADEMIC BACKGROUND: (Continued)

Long Beach Community College
Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

Fundamentals of Real Estate Appraisal
Appraisal Principles and Techniques
California Real Estate Principles
Real Estate Appraisal: Residential
Principles of Economics
California Real Estate Economics
Basic Income Capitalization Approach
Advanced Income Capitalization Approach
Advanced Applications
Real Estate Escrow
California Real Estate Law
Uniform Standards of Professional Appraisal Practice, Part A
Uniform Standards of Professional Appraisal Practice, Part B
Federal and State Laws and Regulations

BACKGROUND AND QUALIFICATIONS

Benjamin V. Balos
Certified General Real Estate Appraiser
California Certification No. AG 040853

ASSOCIATE APPRAISER:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

APPRAISAL BACKGROUND:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 2005:

Cities:

City of Baldwin Park	City of Ontario
City of Covina	City of Riverside
City of Cypress	City of Santa Fe Springs
City of Huntington Park	City of Seal Beach
City of La Mirada	City of South El Monte
City of Long Beach	City of West Hollywood

Redevelopment Agencies:

Azusa Redevelopment Agency
Burbank Redevelopment Agency
Compton Community Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Monrovia Redevelopment Agency

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Other Public Agencies:

Alameda Corridor Transportation Authority
Los Angeles County Chief Administrative Office
Los Angeles County Registrar/Recorder
Los Angeles County Treasurer and Tax Collector
Los Angeles Unified School District
Port of Los Angeles
Riverside County Transportation Commission

Attorneys:

Richards, Watson & Gershon, LLP
Squire, Sanders & Dempsey, LLP
Tredway, Lumsdaine & Doyle, LLP

ACADEMIC BACKGROUND:

Cypress Community College

Allied Business School
Real Estate Appraisal

Kaplan Professional School
Real Estate Appraisal

Calvary Chapel Bible College

APPRAISAL REPORT

PARKING LOT PARCELS
7116 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
APN: 6322-023-901, 904

R. P. LAURAIN
& ASSOCIATES
INCORPORATED

APPRAISAL REPORT

PARKING LOT PARCELS
7116 RUGBY AVENUE
HUNTINGTON PARK, CALIFORNIA
APN: 6322-023-901, 904

Effective Date
of
Market Value Study
February 28, 2013

Prepared for
RICHARDS, WATSON & GERSHON
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Prepared by
R. P. LAURAIN & ASSOCIATES, INC.
3353 Linden Avenue, Suite 200
Long Beach, California 90807

Date of Report
March 4, 2013

R . P . L A U R A I N
& A S S O C I A T E S

INCORPORATED



March 4, 2013

3353 LINDEN AVENUE, SUITE 200
LONG BEACH, CA 90807-4503
TELEPHONE (562) 426-0477
FACSIMILE (562) 988-2927

Michael Estrada, Esq.
Richards, Watson & Gershon
355 South Grand Avenue, 40th Floor
Los Angeles, California 90071-3101

Subject: Parking Lot Parcels
 7116 Rugby Avenue
 Huntington Park, California

Dear Mr. Estrada:

In accordance with your request and authorization, I have personally appraised the above-referenced property as of a current date. The appraisal study included (1) an inspection of the subject property, (2) a review of market data in the immediate and general subject market area, and (3) a valuation analysis.

The subject property is located on the east side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park. The site has an inside location, a square land configuration, generally level topography, and contains 22,500 square feet of land area. The subject property is located in the District C-Neighborhood sub-district of the Downtown Specific Plan. District C is a Mixed Use commercial/residential zone district. The site consists of two parcels improved with an asphalt paved parking lot, containing 59 marked automobile parking spaces.

The purpose of this appraisal report is to express an estimate of the fair market value of the subject property. After considering the various factors which influence value, the fee simple market value of the subject property, as of February 28, 2013, is:

SIX HUNDRED THIRTY THOUSAND DOLLARS
\$630,000.

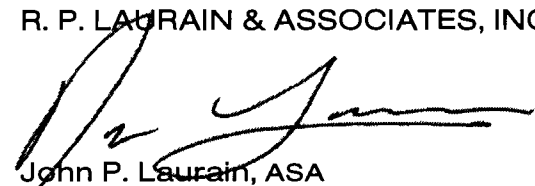
Michael Estrada, Esq.
Richards, Watson & Gershon
March 4, 2013
Page 2

The foregoing value is subject to (1) the assumptions and limiting conditions set forth in the Preface Section, and (2) the valuation study set forth in the Valuation Analysis Section. No portion of this report shall be amended or deleted.

This report has been submitted in triplicate as a Summary Appraisal Report, in accordance with the Uniform Standards of Professional Appraisal Practice, per Standard Rule 2-2(b); an electronic (PDF) copy has also been provided. If you have any questions regarding the report, please contact the undersigned at your convenience.

Very truly yours,

R. P. LAURAIN & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read 'John P. Laurain', is written over the printed name.

John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754

JPL:ll

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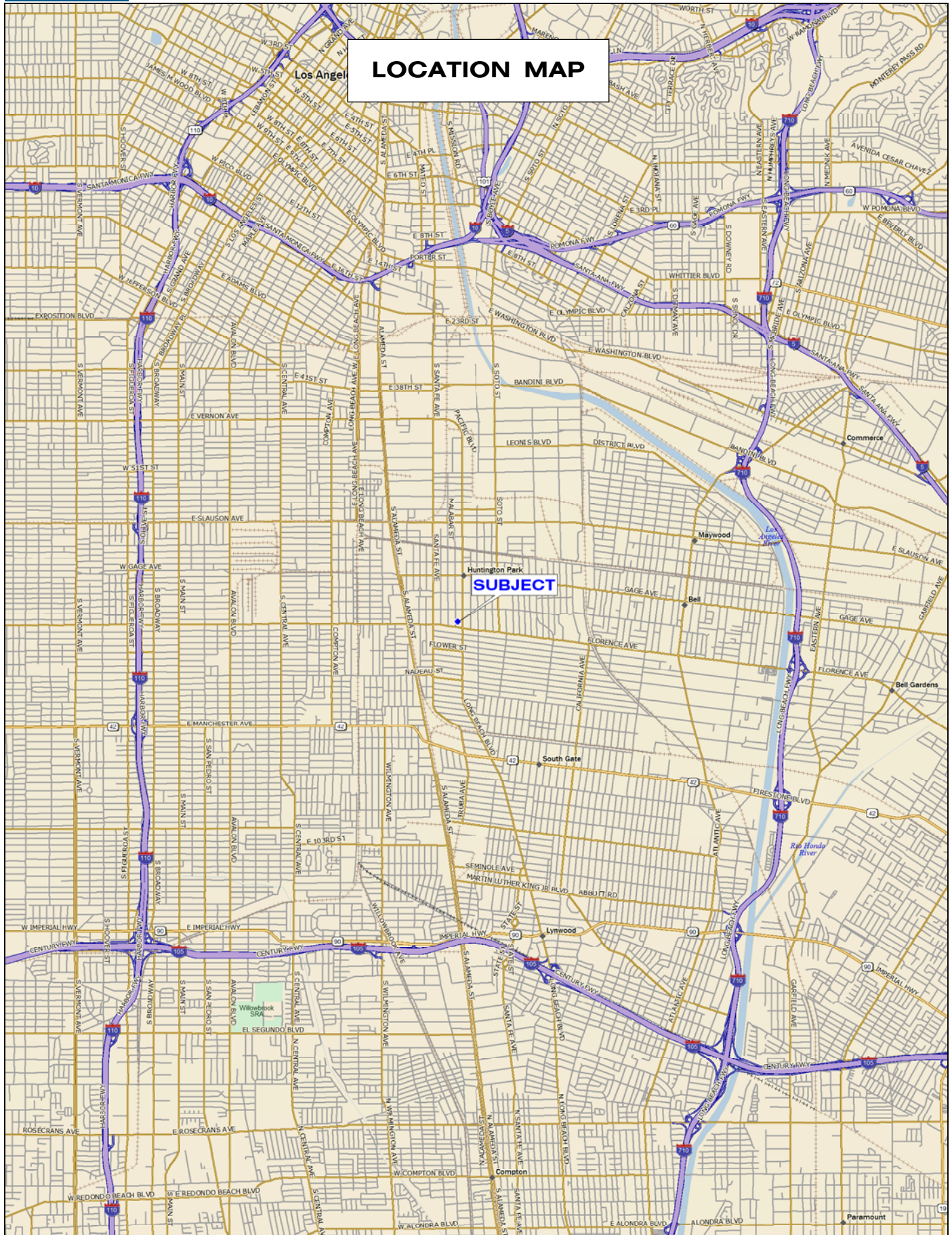
MARKET DATA

Summary of Land Value Indicators
Land Sales Data and Photos
Market Data Map

ADDENDA

Additional Photographs
Qualifications of Appraiser

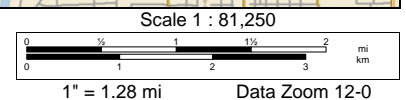
PREFACE



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www.delorme.com



DATE OF VALUE

The date of value (effective date) employed in this report, and all opinions and computations expressed herein, are based on February 28, 2013; said date being generally concurrent with the inspection of the subject property, and the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of market value, in fee simple, for the subject property, absent any liens, leases, or other encumbrances, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Terms and Definitions."

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of existing and potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the property appraised, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate and general subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the unencumbered fee simple interest. Fee simple is defined as, "An absolute fee; a fee without limitations to any particular class of heirs, or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate."

INTENDED USER OF APPRAISAL

The intended user of the appraisal is the City of Huntington Park and certain representatives thereof.

INTENDED USE OF APPRAISAL

The appraisal will be utilized by the City of Huntington for the establishment of the fair market value of the subject property for the possible disposition thereof.

CERTIFICATION

The undersigned hereby certify that:

I have personally inspected the subject property; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

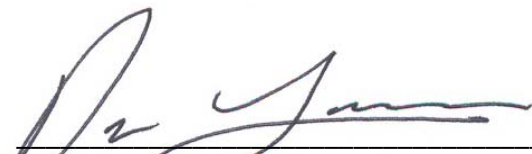
My engagement in this assignment and the amount of compensation are not contingent upon the reporting or development of predetermined values or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of predetermined or stipulated results, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Also, to the best of my knowledge and belief the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and Code of Professional Ethics. As of this date, I have completed the requirements of the Continuing Education Program of the State of California and The American Society of Appraisers, note that duly authorized representatives of said organizations have the right to review this report.

Gary Y. Gee assisted with market research; no one other than the undersigned prepared the analyses, conclusions, and opinions for this appraisal study. I have not appraised or provided any other services pertaining to the subject property in the last three years.

Date: March 4, 2013



John P. Laurain, ASA
Certified General Real Estate Appraiser
California Certification No. AG 025754
Renewal Date April 17, 2013

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and accepted the assignment, to make an objective analysis and valuation study of the subject property and to report, without bias, the estimate of market value. The subject property is described in the Subject Property Description Section of this report.
2. Toured the general area by automobile to become acquainted with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked around the subject property, and some of the nearby neighborhood, to become acquainted with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject property.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Have obtained a plat drawing indicating the subject property, and have checked such plat drawing for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding recent sales of the subject property.

SCOPE OF THE APPRAISAL (Continued)

10. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
11. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer, as well as a willing and informed seller.
12. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
13. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
14. Made, or caused to be made, a search for recent sales of comparable properties. Have viewed and obtained certain information pertaining to each sale property contained in this report.
15. Formed an estimate of market value of the subject property, as of the date of value expressed herein, by application of the Sales Comparison Approach; the Cost-Summation Approach and Income Capitalization Approach were not considered applicable in the subject case.
16. Prepared and delivered the appraisal report in triplicate, plus an electronic PDF copy, in accordance with the Uniform Standards of Professional Appraisal Practice, and in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 17, inclusive:

1. That this summary appraisal report has been prepared in lieu of a self-contained appraisal report. This report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(b), for a summary appraisal report. This report incorporates, by reference, the data and valuation analysis contained in our office files and data base. The information contained in this summary report is specific to the needs of the client; no responsibility is assumed for the unauthorized use of this report. This summary report does not constitute a self-contained appraisal report, and should not be construed as such.
2. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The subject property has been appraised as though under responsible ownership. The legal description is assumed accurate.
3. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable, unless otherwise stated. Further, the appraisers assume no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
4. That no soils report, topographical mapping, or survey of the subject property was provided to the appraisers; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraisers.

5. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
6. That no report(s) pertaining to mold, organic toxins, or chemical substances at the subject property was provided to the appraiser; therefore, information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed by the appraisers for such matters. That unless otherwise stated herein, the subject property has been appraised assuming the absence of mold, organic toxins, the presence of asbestos, or other organic and/or chemical substances which may adversely affect the value of the subject property.
7. That no opinion is expressed regarding matters which are legal in nature or which require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
8. That no oil or mineral rights have been included in the opinion of value expressed herein. Further, that oil or mineral rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.
9. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
10. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

11. That the appraiser conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the property, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraisers reserve the right to amend the final estimate of value.
12. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
13. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
14. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
15. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraisers, particularly with regard to the valuation of the property appraised and the identity of the appraisers, or the firm with which they are connected, or any reference to the Appraisal Institute, or the American Society of Appraisers, or designations conferred by said organizations.
16. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesperson, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Ronald P. Laurain.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

17. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term, and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject properties. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

SUBJECT PROPERTY
DESCRIPTION

SUBJECT PROPERTY



View looking northeasterly at the subject property from Rugby Avenue. See additional photographs in the Addenda Section.

APPARENT VESTEE: City of Huntington Park

PROPERTY ADDRESS: 7116 Rugby Avenue
Huntington Park, California 90255

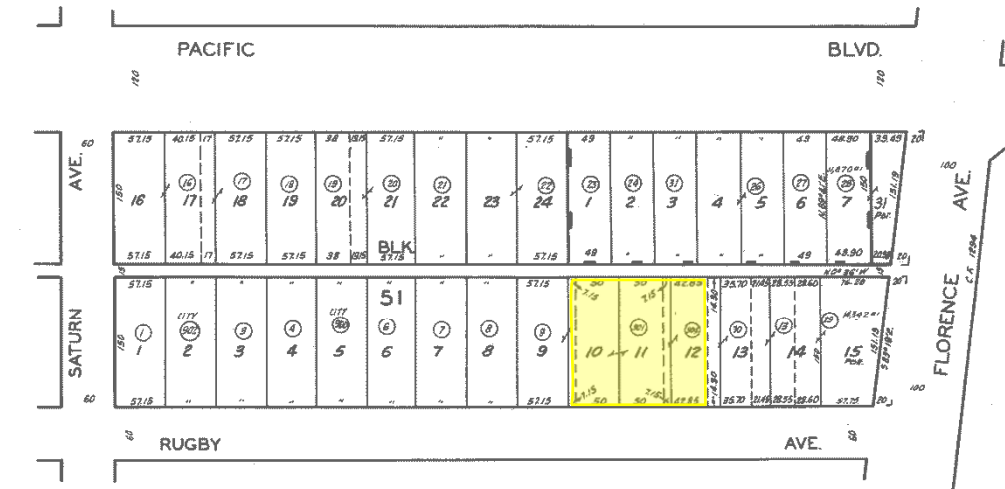
LEGAL DESCRIPTION: The South 50 feet of Lot 10, all of Lot 11, and the North 42.85 feet of Lot 12, Block 51, Huntington Park, per Map recorded in Book 3, Page 91 of Maps, in the office of the County Recorder, County of Los Angeles, California. A complete metes and bounds legal description was not provided for review.

SITE DESCRIPTION

LOCATION:	East side of Rugby Avenue, beginning 186.35 feet north of Florence Avenue, within the corporate limits of the City of Huntington Park.
LAND SHAPE:	Square land configuration.
DIMENSIONS:	150' x 150'.
LAND AREA:	22,500 square feet.
TOPOGRAPHY:	Effectively level.
DRAINAGE:	Appears to be adequate; no major depressions were noted within the boundaries of the subject property which would cause a water ponding condition during the rainy season.
SOIL STABILITY:	Appears to be adequate based on the existing development, as well as developments in the immediate neighborhood. A soils report, however, has not been provided for review. The subject property has been appraised assuming adequate soil bearing quality.
SOIL CONTAMINATION:	None known or observed, however, a soil study has not been provided for review. The subject property has been appraised as though free of soil contaminants.
ACCESS:	The subject property has 150 feet of frontage on Rugby Avenue and 150 feet on a public alley.
RIGHT-OF-WAY WIDTH:	Rugby Avenue: 60 feet. Public Alley: 15 feet.
STREET IMPROVEMENTS:	Fully improved streets.
PUBLIC UTILITIES:	Water, gas, electric power, and telephone service are available at the subject site.

6322	23	2004
SCALE 1" = 80'		

REVISED
12-3-57
1-4-61
690629
720228
770725406
770518 806
820406508
820810901
84012860A
88020105005001
8808001
2004011404



721

TRACT NO. 459
M. B. 15-31

All 200 series parcels on this page are assessed to Huntington Park Redevelopment Agency, unless otherwise noted.

JAN 14 2004
ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

2-3

SITE DESCRIPTION (Continued)

SANITARY SEWER:	Available at subject site.
ENCROACHMENTS:	None known or observed, however, a survey of the subject property was not provided for review.
EASEMENTS:	A title report was not provided for review. Easements, if existing, are assumed to be located along the property boundaries, not interfering with the any future highest and best use development of the subject property. It is assumed there are no "cross-lot" or "blanket" easements.
ILLEGAL USES:	None observed.
PRESENT USE:	Public parking lot.
ZONING:	<p>The subject property is located in the Downtown Specific Plan, District C – Neighborhood. District C is a Mixed Use commercial/-residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential uses on upper levels. Parking structures are also permitted, excluding street frontage structures.</p> <p>Development standards include a minimum lot size of 5,000 square feet and a maximum development density of 70 dwelling units per acre. The minimum and maximum floor area ratio is 0.50:1 and 2.0:1, respectively. The minimum street front and rear yard setbacks are 10 feet; there is no side yard setback. The maximum building height is 50 feet.</p> <p>Parking requirements for residential units is 1.5 parking spaces for units having less than 800 square feet of dwelling area and 2 spaces for units having 800 square feet or more. Certain guest parking spaces are also</p>

SITE DESCRIPTION (Continued)

ZONING: (Continued) required. Commercial retail, service and office uses require one parking space for each 400 square feet of gross floor area.

HIGHEST AND BEST USE: The reader is referred to the first portion of the Valuation Analysis Section for a discussion regarding the highest and best use of the subject property.

IMPROVEMENTS

COMMENT: The subject property is improved with an asphalt paved public parking lot containing 57 standard automobile parking spaces and two handicap parking spaces. Other on site improvements include asphalt paving, concrete wheel stops, and pole signs.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 6322-023-901, 904

ASSESSED VALUATIONS: Land: \$ 82,450.
Improvements: \$ 00.

TAX CODE AREA: 589.

TAX YEAR: 2012-2013.

REAL ESTATE TAXES: Not applicable*

SPECIAL ASSESSMENTS: None known.

* Real estate taxes will be adjusted in the event the subject property is sold to a private party or private corporation. The adjusted real estate tax burden will be approximately 1.1% of the sale price, or Assessor's "cash value." In the absence of a sale, transfer, or capital improvements, the maximum allowable increase in the assessed valuations is 2% per year (per the Real Estate Tax Initiative of 1978, known as Proposition 13).

OWNERSHIP HISTORY

COMMENT:

Per Los Angeles County Assessor records, the subject parcels have apparently been vested with the City of Huntington Park (or prior Redevelopment Agency of the City of Huntington Park), for more than 20 years. Due to the date of acquisition, the purchase price is not considered relevant to the current market value.

NEIGHBORHOOD ENVIRONMENT

LOCATION:

The subject property is located in the central portion of the City of Huntington Park. The site is located approximately 2 1/2 miles east of the Harbor (110) Freeway, and three miles south of the Santa Monica (10) Freeway.

LAND USES:

The predominant uses in the immediate subject neighborhood are commercial and multiple family residential developments. The primary Downtown commercial retail district is located one block east of the subject property, on Pacific Avenue. Primary streets are predominantly developed with commercial retail uses. Secondary streets are improved with low to medium density residential uses. The City of Huntington Park Civic Center is located four blocks northerly of the subject property.

ACCESS:

Major north-south thoroughfares in the subject area include Alameda Street, Santa Fe Avenue, and Pacific Avenue. Primary east-west thoroughfares include Slauson Avenue, Gage Avenue, and Florence Avenue.

BUILT-UP:

The immediate subject neighborhood, near the Downtown district, is effectively 95±% built-up at the present time, inclusive of parking lots.

NEIGHBORHOOD ENVIRONMENT (Continued)

OCCUPANCY:	Commercial:	65±% owners 35±% tenants
	Industrial:	65±% owners 35±% tenants
	Multiple family residential:	1±% owners 99±% tenants
	Single family residential:	92±% owners 8±% tenants

PRICE RANGE: Commercial and industrial land values are within a range of approximately \$15 to exceeding \$40 per square foot of land area, depending upon the size, location, site prominence, etc. Improved commercial and industrial properties range in value from approximately \$250,000 to \$800,000 for smaller facilities; large multi-tenant properties range in value in excess of \$2,000,000. Typical single family residential properties in the immediate subject area are within a general range of \$150,000 to \$300,000. Multiple family residential properties are within a much broader range; smaller complexes such as duplexes and triplexes generally range from \$200,000 to exceeding \$500,000; large multiple family residential properties range in value in excess of \$1,000,000.

TREND: Real estate values, in general, were declining between 1991 and 1995. The value trend, however, generally stabilized during 1996 and 1997. Beginning in 1998, there was evidence of increased real estate market activity. There was a general upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values

NEIGHBORHOOD ENVIRONMENT (Continued)

TREND: (Continued)

began to decrease significantly. The decrease in residential sales activity and pricing continued through the latter portion of 2008, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing. In the mid to latter portion of 2009 residential values abruptly stabilized, due primarily to fiscal stimulus programs and first time home buyer tax credits.

Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). Any brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It appears that there has been an increase in sales activity and a slight increase in pricing in recent months, due to (1) formerly hesitant buyers concluding that the housing market has reached bottom, (2) investors buying properties to rehabilitate and sell for a profit or keep as rental properties, and (3) the continued availability of historically low mortgage interest rates.

Real estate trends affecting commercial and industrial properties within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial and industrial markets also began to experience decreases in price levels and development activity, which decreases accelerated in the latter portion of 2008, and continued through the end of 2009.

NEIGHBORHOOD ENVIRONMENT (Continued)

TREND: (Continued)

Per discussions with various brokers, it appears that commercial and industrial property values generally stabilized in the mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

AGE RANGE:

The age range of all types of improved properties is rather broad. Generally, the age range is 15 years to exceeding 85 years. Typical industrial and commercial properties have effective ages of approximately 25 to 75 years. Residential improvements (apartment buildings and single family residential structures on the periphery of the industrial district) range in age from approximately 35 to 80 years.

PROPERTY MAINTENANCE:

Property maintenance in the immediate and general neighborhood, evidenced by an ongoing maintenance program, ranges from fair-poor to good.

PUBLIC/PRIVATE FACILITIES:

The availability and adequacy of public facilities, transportation, schools, industrial areas, commercial facilities and residential housing are rated average. The City of Huntington Park provides police protection. Fire protection is provided under contract arrangement with the County of Los Angeles.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of market value of the subject property, as of the date of value set forth herein. Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

Highest and best use is defined in *The Appraisal of Real Estate*, by the Appraisal Institute, 11th Edition, Page 297, as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are four basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The four criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.
4. Maximally productive.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, the productivity is irrelevant.

The subject property has a square land configuration, generally level topography, and contains 22,500 square feet of land area. The site has an inside location on a secondary street. Site prominence/exposure and vehicular access are rated average.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

All public utilities including water, gas, electric power, telephone, as well as sanitary sewer are available to the site. The physical characteristics of the subject parcel are considered adequate to accommodate legally permissible uses.

The subject property is located primarily in the District C-Neighborhood sub-district of the Downtown Specific Plan, of the City of Huntington Park. District C is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential uses on upper levels.

The maximum development density is 70 units per acre, or one unit per 622 square feet of land area. The maximum development density at the subject property is 36 units (22,500 square feet divided by 622 square feet per unit). It should be noted, however, that on-site parking are typically the most restrictive development requirements. The development of 36 residential units, containing less than 800 square feet each, would require 54 on-site parking spaces (1.5 parking space per unit). Inasmuch as (1) parking structures are prohibited at the street frontage, and (2) the existing parking lot which is fully built-out on site contains 57 parking spaces, a multi-level parking structure would be required at the rear portion of the site. After considering the foregoing, and allowing for open space requirements, high density residential developments are not typically built-out to the maximum development density. Based on the foregoing, a residential development density of 25 to 30 units (or one unit per 750 to 900 square feet of land area) is deemed reasonable in the subject case, with first level commercial space.

Based upon tenant and owner-user demand exhibited at other residential and commercial developments, and proposed developments within the immediate and general subject area, the maximally productive use, and therefore, the highest and best use of the subject property is high density mixed use residential/commercial development in accordance with the existing zoning. The subject property has been appraised accordingly.

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Inasmuch as the highest and

VALUATION ANALYSIS (Continued)

VALUATION METHODS: (Continued)

best use of the subject property is mixed use residential/commercial development, the Sales Comparison Approach is the only approach considered applicable as a reliable indicator of value.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, "The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution." Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by reviewing and weighing the various elements of comparability.

The Sales Comparison Approach has been applied to the subject property after an investigation was conducted of comparable land having recently sold in the greater subject market area. The reader is referred to the Market Data Section for detailed information pertaining to each sale property. Refer also to the Market Data Map in the Market Data Section, for an illustration of the location of the respective land sale properties.

The reader is referred to the summary of Land Value Indicators on the following page. The properties surveyed consist of land parcels ranging in size from 5,116 to 121,389 square feet. The purchase prices per square foot of land area range from \$15.37 to \$38.39. The sales are set forth in chronological order and took place between April, 2010, and January, 2013.

It should be noted that Data 7 represents a current listings in the immediate subject area which has been included herein for informational purposes only as it does not represent consummated sale transactions. Data 7 is located one block east of the Downtown Specific Plan, and two blocks east of Pacific Avenue. The site is improved with a former lodge building containing 9,977 square feet, and is marketed based on the underlying land value. Note that any potential re-use or interim use of the building is considered offset by demolition and clearing costs, if the site were to be redeveloped. The site is zoned CP and CG. Overall, the site is considered slightly inferior to the subject property, however a downward adjustment to the unit rate of \$30.89 per square foot of land area would be warranted as said rate reflects the current "asking" prices, as opposed to consummated sale price.

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
2	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
3	2-12	C2	5,080 sf	no	no	\$ 80,000	\$15.75
	1427 E. Florence Ave., Los Angeles						
4	12-12	C4	7,995 sf	no	yes	\$ 130,000	\$16.26
	6244 Florence Ave., Bell Gardens						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	1-13	R3	11,550 sf	no	no	\$ 177,500	\$15.37
	6619 Flora Ave., Bell						
7	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Financing and Cash Equivalency Adjustments:

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. Sale properties are adjusted for financing arrangements involved in transactions which are not market-typical. A cash equivalency adjustment is generally made in those cases where the cash down payment is generally less than 20% of the purchase price and the financing is other than conventional. The less-than-typical cash down payment, combined with other than conventional financing (such as seller financing), could influence a higher purchase price.

Data 1, 2, 4, 5, and 6 involved all cash to the seller. Data 3 involved 50% cash down to a concurrent first trust deed note with a private party. A cash equivalency adjustment, therefore, is not warranted for any of the sale properties.

Market Conditions:

Consideration of the market conditions (date of sale) is appropriate when certain sale properties occur during a rising or declining market. The consideration for market conditions is based upon observation of the real estate market and value cycles dating back more than 15 years.

Based on discussions with local real estate brokers, and observations of overall market conditions, it is apparent that there was an upward value trend affecting residential properties within the immediate and general subject market area, from 2003 through the mid portion of 2006, after which property values generally stabilized. Beginning in 2007, residential property values began to decrease significantly, and the decrease continued through the latter portion of 2009, due primarily to the subprime credit and housing crisis, multi-billion dollar write-downs of mortgage-backed securities by regional and national banks, and a lack of available financing.

The residential real estate market generally stabilized in the latter portion of 2009. Beginning in 2010, certain markets began to experience an increase in sales, as well as a nominal increase in property values (5%-10%). It appears, however, that any increase in value was due to first time home buyer and mortgage tax credits. Nominal increases in single family residential values in the first portion of 2010 were generally offset by subsequent nominal decreases in the first portion of 2011. Note that there appears to have been a

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

slight increase in single family residential sales activity in recent months, however, the residential land values and sales activity have remained generally stable.

Real estate trends affecting commercial, apartment building, and industrial properties (commercial market) within the immediate and general subject market area experienced an upward value trend from 2003 through the first portion of 2007, after which property values generally stabilized. In the first portion of 2008, however, commercial markets also began to experience decreases in price levels and development activity, which decreases accelerated substantially in the latter portion of 2008, and continued through the end of 2009, and first portion of 2010. Per discussions with various brokers, it appears that the commercial market, and property values in general, stabilized in the beginning to mid portion of 2010. The sales volume has begun to increase as (1) investors and owner-users are beginning to take advantage of reduced commercial real estate values, and (2) financial and lending institutions are beginning to issue loans to qualified buyers, although lenders continue to require relatively large cash down payments.

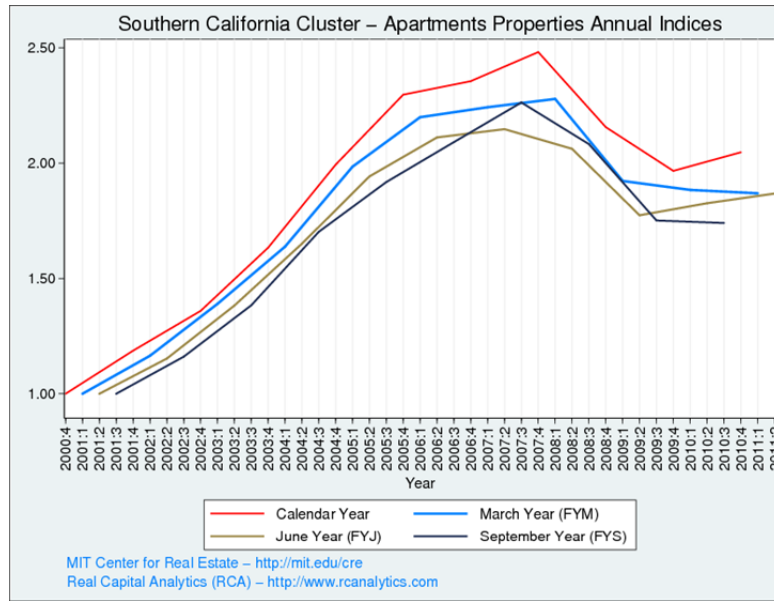
Moody's/REAL commercial property index (CPPI) is a periodic same-property round-trip investment price change index of the U.S. commercial investment property market, based on data from MIT Center for Real Estate industry partner Real Capital Analytics, Inc (RCA). The commercial property index is based on the RCA database, which attempts to collect, on a timely basis, price information for every commercial property transaction in the U.S. over \$2,500,000 in value. This represents one of the most extensive and intensively documented national databases of commercial property prices ever developed in the U.S.

The following graph, produced by Moody's, represents the apartment property index for Southern California, beginning in the fourth quarter of 2000 through the second quarter of 2011. The apartment property index reached its peak at approximately the mid to latter portion of 2007, after which apartment property values began a sharp decline. The apartment property index, however, indicates a general stabilization beginning in the first portion of 2010, generally corresponding with certain residential markets.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)



As stated, the residential market conditions generally stabilized in the latter portion of 2009. Refer to the following graph, which illustrates the Medium Sales Price for single family residences in the City of Huntington Park through January, 2013.



VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Market Conditions: (Continued)

As can be seen in the above graph, the median sale price generally stabilized in 2009. As stated, brief increases in residential property values in the mid portion of 2010 subsequently subsided and are considered to be attributed to the first time home buyers tax credit. It does appear, however, that there has been a slight increase in single family residential activity and sales prices in recent months.

Overall, due to the relatively stable residential and commercial market from the latter portion of 2009 through the present time, an adjustment for market conditions is not warranted for any of the sale properties.

Elements of Comparability:

After viewing all of the land sale properties, an analysis was made of the various elements of comparability. Some of those elements include, but are not limited to, the following:

General location.	Topography.
Land size.	Land configuration/utility.
Corner location/access.	Best use/zoning.
Assemblage.	Demolition/clearing.
Site prominence.	Plans/entitlements.

All of the sales employed herein conveyed title to the fee simple interest and represent arms-length transactions. The overall marketability of each sale property was also considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale. Allowance was made for these factors when considered applicable.

It should be noted that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, land size, zoning, corner location/access, and site prominence were considered the most important factors when analyzing the various sale properties, in the subject case.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis:

The reader is referred to the Adjustment Grid on the following page regarding certain elements of comparability of the subject property, as compared to the various sale properties. As stated, quantitative adjustments for financing, conditions of sale, or market conditions were not warranted for any of the sale properties. The elements of comparability have been considered on a qualitative basis due to the lack of direct market evidence regarding quantitative adjustments in the subject market.

The subject property is located in the Downtown district of the City of Huntington Park, one block west of Pacific Avenue. Data 1 is located on Pacific Avenue and 58th Street, just north of the Downtown area, and is deemed generally similar regarding location. The remaining sale properties are considered inferior to the subject property with respect to general location.

An adjustment for land size has also been made to certain of the sale properties. In accordance with general economic principles, larger land parcels will generally sell at an overall lower rate per square foot of land area, as compared to larger parcels. As such, Data 1 is considered inferior to the subject property regarding land size, as it represents a larger acreage parcel. The remaining sale properties represent lot and block parcels deemed generally similar to the subject property regarding land size.

The adjustment for zoning/density takes into consideration the zoning, potential for commercial versus mixed use residential/commercial development, as well as the overall density. Data 1 was a former automobile dealership at the time of sale, zoned MPD (Manufacturing Planned Development), however, the site was re-zoned CG (general commercial) during escrow. Data 1 is considered inferior to the subject property regarding zoning due to the required zone change. Data 2, 3, and 4 have commercial zone designations; the C2 zone of Data 3 allows for high density residential development. Data 5 and 6 are zoned for high density multiple family residential use. As such, an adjustment for zoning was not warranted for Data 2 through 6.

ADJUSTMENT GRID

	Data	1	2	3	4	5	6
Purchase price: Rate per sq. ft.: Date of sale: Property rights: Conditions of sale: Terms of sale (financing): Market conditions:	----- fee simple ----- ----- -----	\$4,034,500 \$33.24 4-10 fee simple typical typical 0.0%	\$600,000 \$38.39 4-11 fee simple typical typical 0.0%	\$80,000 \$15.75 2-12 fee simple typical typical 0.0%	\$130,000 \$16.26 12-12 fee simple typical typical 0.0%	\$125,000 \$24.43 12-12 fee simple typical typical 0.0%	\$177,500 \$15.37 1-13 fee simple typical typical 0.0%
Adjusted unit rate: Rate per sq. ft.:	Subject	\$33.24	\$38.39	\$15.75	\$16.26	\$24.43	\$15.37
Comparability: General location: Land size (sf): Best use/zoning: Assemblage: Corner location/access: Land configuration/utility: Topography: Site prominence/expos.: Demolition/clearing: Entitlements/plans:	average 22,500 DTSP no average average level average no no	Sale is: similar 121,389 MPD-inferior similar superior similar similar superior inferior similar	Sale is: inferior 15,630 C4 similar superior similar similar superior similar similar	Sale is: inferior 5,080 C2 similar inferior similar similar superior similar similar	Sale is: inferior 7,995 C4 similar inferior similar similar superior similar similar	Sale is: inferior 5,116 R-3 NR similar inferior similar similar similar similar similar	Sale is: inferior 11,550 R3 similar similar similar similar similar similar similar
Overall comparability:	Data	1	2	3	4	5	6
		superior	superior	inferior	inferior	inferior	inferior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis: (Continued)

The subject property has an inside location on a one-way secondary street; the alley access is also one-way. Data 1 and 2 have corner locations and are deemed superior regarding corner location. Data 3, 4, and 5 represent relatively narrow lots with less street frontage, and are deemed inferior with respect to access. Data 6 is generally similar regarding access.

As stated, the subject property has frontage on a one-way secondary street, one block west of Pacific Avenue. Overall site prominence is rated average, due primarily to the subject property's proximity to Pacific Avenue. Data 1 through 4 have frontage on primary streets and are deemed superior with respect to site prominence. Data 5 and 6 are considered similar regarding prominence. Lastly, note that Data 1 required certain demolition of existing improvements and is considered inferior regarding demolition and clearing costs.

Based on the foregoing, the unit rates applicable to the consummated sale transactions range from \$15.37 to \$38.39 per square foot of land area. As stated, due to the lack of direct market evidence, qualitative adjustments were applied to the individual sale properties for the various elements of comparability. An array was developed summarizing the overall comparability and adjusted unit rate per square foot of land area for the various sale properties, as follows:

<u>Data</u>	<u>Overall Comparability</u>	<u>Rate Per SF</u>
2	superior	\$38.39
1	superior	\$33.24
Subject	---	\$28.00
5	inferior	\$24.43
4	inferior	\$16.26
3	inferior	\$15.75
6	inferior	\$15.37

As can be noted, the rates range from \$15.37 to \$38.39 per square foot of land area. The value of the subject property is considered to be toward the mid to upper portion of the indicated range, due primarily to the general location and proximity to Pacific Avenue.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value Analysis: (Continued)

Based on the foregoing, the overall rate per square foot of land area considered applicable to the subject property is estimated at \$28.00 per square foot, as follows:

$$22,500 \text{ SF} \times \$28.00 = \$630,000.$$

FINAL ESTIMATE OF VALUE:

Based on the foregoing valuation, the fee simple market value of the subject property, as of February 28, 2013, is \$630,000.

MARKETING EXPOSURE:

The marketing exposure of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of market research for the subject valuations, interviews were conducted with parties involved in the transactions employed in the Sales Comparison Approach. Based on said interviews, as well interviews with real estate brokers specializing in the subject market area, the marketing exposure estimated for the subject property, assuming an aggressive and comprehensive marketing program, is approximately 9 to 18 months.

MARKET DATA

MARKET DATA SUMMARY

LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Size</u>	<u>Corner</u>	<u>Alley</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
1	4-10	MPD/CG	121,389 sf	yes	yes	\$4,034,500	\$33.24
	2519-2553 E. 58th St., Huntington Park						
2	4-11	C4	15,630 sf	yes	yes	\$ 600,000	\$38.39
	6365 Florence Ave., Bell Gardens						
3	2-12	C2	5,080 sf	no	no	\$ 80,000	\$15.75
	1427 E. Florence Ave., Los Angeles						
4	12-12	C4	7,995 sf	no	yes	\$ 130,000	\$16.26
	6244 Florence Ave., Bell Gardens						
5	12-12	R-3 NR	5,116 sf	no	no	\$ 125,000	\$24.43
	8455 Santa Fe Ave., Walnut Park						
6	1-13	R3	11,550 sf	no	no	\$ 177,500	\$15.37
	6619 Flora Ave., Bell						
7	asking	CP/CB	22,500 sf	no	yes	\$ 695,000	\$30.89
	6348 Seville Ave., Huntington Park						

MARKET DATA #1

2519-2553 East 58th Street
Huntington Park



GRANTOR:	Randy C. & Catherine M. Sopp, et al	APN:	6304-015-001, 004-006 6309-015-007, 008-011; 6309-016-016, 017-019, 024
GRANTEE:	Aspire Public Schools	LAND SIZE:	121,389 sq.ft.
SALE DATE:	April 20, 2010	ZONING:	MPD
DOC. NO.:	532500, 532501, 532504	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$4,034,500	PRESENT USE:	Charter school
TERMS:	All cash	BLDG. IMPS.:	School
CONFIRMED BY:	Jim Klein, broker		

VALUE INDICATION: \$33.24 per SF land

R . P . LAURAIN
& ASSOCIATES
APPRAISERS - ANALYSTS

MARKET DATA #2

6365 Florence Avenue
Bell Gardens



GRANTOR:	Elgancy, LLC	APN:	6358-037-022
GRANTEE:	Jose & Blanca Orellana	LAND SIZE:	15,630 sq.ft.
SALE DATE:	April 22, 2011	ZONING:	C4
DOC. NO.:	581064	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$600,000	PRESENT USE:	Commercial buildings of nominal value
TERMS:	All cash to seller; construction loan	BLDG. IMPS.:	Demolished subsequent to sale
CONFIRMED BY:	Ralph Villalobos, broker		
VALUE INDICATION:		\$38.39 per SF land	

MARKET DATA #3

1427 East Florence Avenue
Los Angeles



GRANTOR:	Rachels Family Living Trust	APN:	6010-027-038
GRANTEE:	Travelers Rest Baptist Church	LAND SIZE:	5,080 sq.ft.
SALE DATE:	February 23, 2012	ZONING:	C2
DOC. NO.:	2898994	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$80,000	PRESENT USE:	Vacant land
TERMS:	\$40,000 private party	BLDG. IMPS.:	None
CONFIRMED BY:	Market data resources		
VALUE INDICATION: \$15.75 per SF land			

MARKET DATA #4

6244 Florence Avenue
Bell Gardens



GRANTOR:	Marcelo S. Kondratuk	APN:	6228-012-006
GRANTEE:	Soon A. & Eung J. Lim	LAND SIZE:	7,995 sq.ft.
SALE DATE:	December 12, 2012	ZONING:	C4
DOC. NO.:	1912201	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$130,000	PRESENT USE:	Vacant lot
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Lidia Kondratuk, broker		
VALUE INDICATION:	\$16.26 per SF land		

MARKET DATA #5

8455 Santa Fe Avenue
Walnut Park



GRANTOR:	Carmen Penna	APN:	6202-035-020
GRANTEE:	LA Dev Co., LP	LAND SIZE:	5,116 sq.ft.
SALE DATE:	December 24, 2012	ZONING:	R-3-NR
DOC. NO.:	1992636	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$125,000	PRESENT USE:	Vacant lot
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Justin Chiang, broker		

VALUE INDICATION: \$24.43 per SF land

MARKET DATA #6

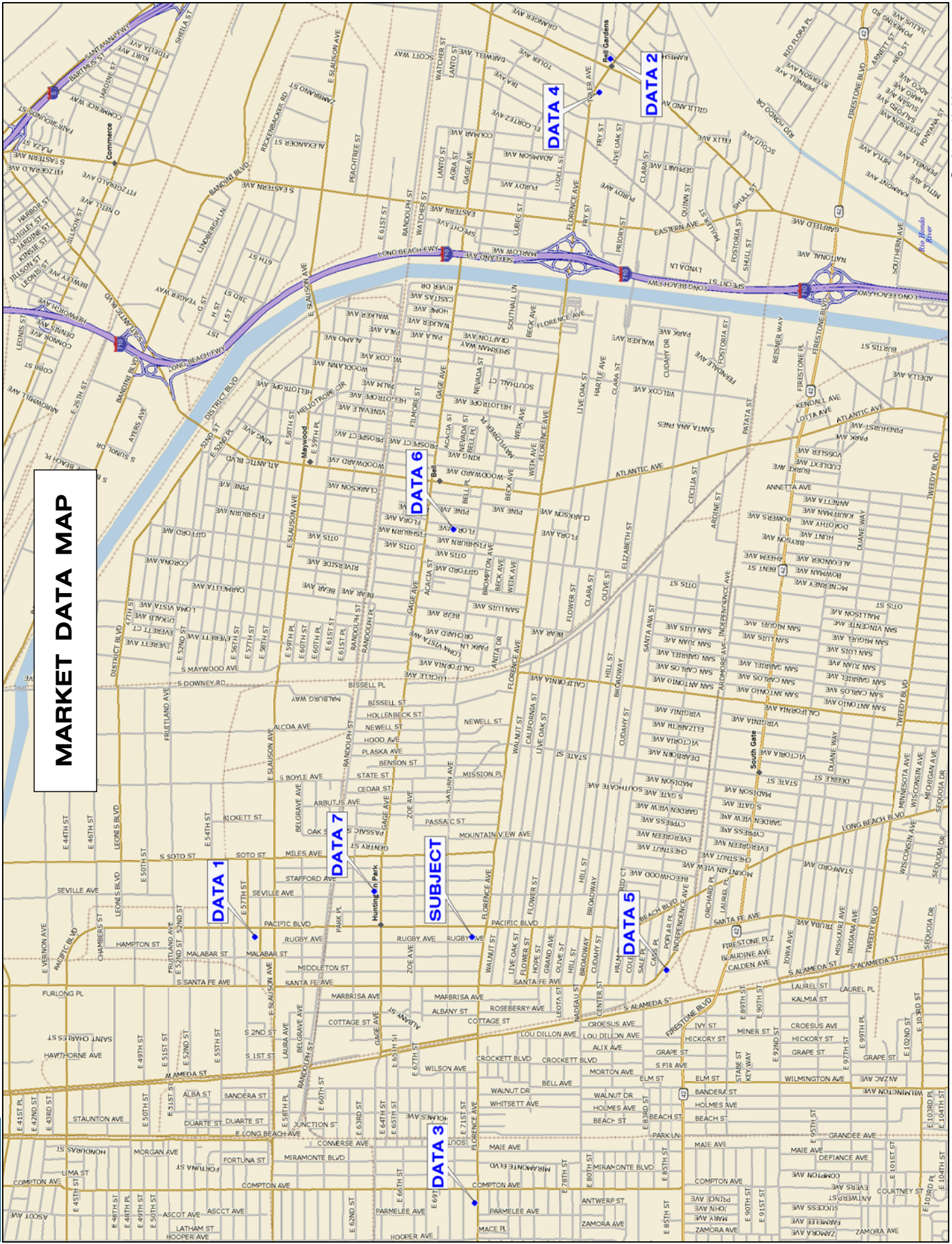
6619 Flora Avenue
Bell



GRANTOR:	Mohamad H. Saleh	APN:	6325-014-010
GRANTEE:	Bassam Mustapha	LAND SIZE:	11,550 sq.ft.
SALE DATE:	January 4, 2013	ZONING:	R3
DOC. NO.:	13502	TOPOGRAPHY:	Effectively level
SALE PRICE:	\$177,500	PRESENT USE:	Vacant land
TERMS:	All cash	BLDG. IMPS.:	None
CONFIRMED BY:	Lourdes Cotaya, broker		

VALUE INDICATION: \$15.37 per SF land

MARKET DATA MAP



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Scale 1 : 40 625

1" = 3,385.4 ft

Data Zoom 13-0

ADDENDA

See Photo No. 1 on first page of Subject Property Section.



PHOTO NO. 2: View looking northwesterly at subject property from the public alley.



PHOTO NO. 3: View looking north along the public alley from a point adjacent to the subject property.



PHOTO NO. 4: View looking north along Rugby Avenue from a point adjacent to the subject property.



PHOTO NO. 5: View looking south along Rugby Avenue from a point adjacent to the subject property.

**QUALIFICATIONS
OF
APPRAISER**

BACKGROUND AND QUALIFICATIONS

John P. Laurain
Certified General Real Estate Appraiser
California Certification No. AG 025754

VICE PRESIDENT:

R. P. Laurain & Associates, Inc.
3353 Linden Avenue, Suite 200
Long Beach, California 90807
Office: (562) 426-0477 - Fax: (562) 988-2927
rpla@rplaurain.com

PROFESSIONAL ORGANIZATION AFFILIATIONS:

American Society of Appraisers
Senior member; hold professional endorsement and
designation "ASA" in urban real estate.

American Arbitration Association
Associate arbitrator in title insurance matter.

Certified General Real Estate Appraiser by the
Office of Real Estate Appraisers, State of California.
Certification No. AG 025754.

APPRAISAL BACKGROUND:

Real estate appraisal and valuation consultation services conducted for public purposes include eminent domain studies, street widening and grade separation (bridge) projects, public school and university expansion projects, relocation studies, housing and public loan programs, Navy housing, senior housing, public bond measures, leasing of publicly-owned properties, Quimby Act park fee studies, Fair Political Practices Commission analyses, budgetary studies, and transfers (exchanges) of properties between public agencies. Private real estate appraisal services have been conducted for lending institutions, insurance companies, attorneys, estates for tax and donation purposes, private subdivision development studies, and other private uses.

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Residential Property:

Residential properties appraised include single family, condominiums, own-your-own, townhouse, low and medium density multiple family, 100+ unit apartment complexes, waterfront properties, boat docks, mobile home parks, vacant single family lot and acreage parcels, and low to high density vacant land parcels.

Commercial and Industrial Property:

Commercial property appraisal studies have included single and multi-tenant retail, strip centers, shopping centers, low-rise and high-rise office buildings, medical offices, restaurants and fast-food developments, nightclubs, convenience stores, theaters, automobile repair and service facilities, service stations, truck fueling and washing stations, car wash facilities, automobile sales, mixed-use properties including single resident occupancy (SRO) developments, as well as hotel and motel properties, and vacant land.

Industrial property appraisals have included warehouses, light and heavy manufacturing, distribution and transit facilities, food processing, cold storage, lumber yards, recycling centers, open storage, vacant land, remnant and landlocked parcels, properties encumbered with oil and water injection wells, sites with soil contamination and land fill properties.

Special Purpose and Special Use Properties:

Appraisal services and valuation studies of public, quasi-public, special use, and non-profit facilities include, among others, seaport properties, submerged land, river rights-of-way, reservoirs, utility and railroad rights-of-way, flood control channels, city hall buildings and civic center complexes, courthouses, libraries, fire and police stations, post offices, public parking structures, parks, public and private schools, adult learning centers, athletic facilities and gyms, bowling alleys, tennis centers, youth homes, after school facilities, daycare facilities, homeless shelters, hospitals, skilled nursing facilities, churches, meeting halls and lodges, and veteran facilities.

Valuation Methodologies:

In addition to the three conventional valuation methods (Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach), valuation methodologies have included discounted cash flow analyses, leased

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Valuation Methodologies: (Continued)

fee and leasehold analyses, absorption discounts, deferred maintenance, cost-to-cure, bonus value, excess rent, across-the-fence, value-in-use, fractional interests, hypothetical valuations, and reuse studies.

Property interests appraised for eminent domain purposes include full and partial takings, as well as severance damage and project benefit studies. Valuation of various types of easements have included permanent surface, street, temporary construction, slope, utility, pipeline and subsurface, aerial, bridge structure, signal light, exclusive and nonexclusive surface rights, multi-layered, battered pilings, tie-back, railroad, drainage ditch, and flood control easements.

Clients:

Real estate research and analysis services performed on projects for the following public agencies and private corporations while associated with R. P. Laurain & Associates, Inc., since 1986:

Cities:

City of Alhambra	City of Los Alamitos
City of Artesia	City of Los Angeles
City of Baldwin Park	City of Monrovia
City of Bellflower	City of Norwalk
City of Burbank	City of Ontario
City of Carson	City of Palmdale
City of Cathedral City	City of Paramount
City of Compton	City of Pasadena
City of Covina	City of Pico Rivera
City of Cudahy	City of San Juan Capistrano
City of Cypress	City of Santa Fe Springs
City of Downey	City of Seal Beach
City of El Segundo	City of Signal Hill
City of Hawaiian Gardens	City of South El Monte
City of Huntington Beach	City of South Gate
City of Huntington Park	City of Tustin
City of Irwindale	City of Upland
City of Lawndale	City of West Hollywood
City of Long Beach	City of Whittier

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Redevelopment Agencies:

Azusa Redevelopment Agency
Bell Community Redevelopment Agency
Glendale Redevelopment Agency
Hawaiian Gardens Redevelopment Agency
Huntington Beach Redevelopment Agency
Huntington Park Redevelopment Agency
Irwindale Community Redevelopment Agency
La Mirada Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Monrovia Redevelopment Agency
Ontario Redevelopment Agency
Paramount Redevelopment Agency
Signal Hill Redevelopment Agency
Whittier Redevelopment Agency

Other Public Agencies:

Alameda Corridor Engineering Team
Alameda Corridor Transportation Authority
Castaic Lake Water Agency
Hawthorne School District
Long Beach Unified School District
Long Beach Water Department
Los Angeles County Chief Administrative Office
Los Angeles County Internal Services Department
Los Angeles County Metropolitan Transportation Authority
Long Beach Community College District
Los Angeles Unified School District
Lynwood Unified School District
Port of Los Angeles
State of California,
 Santa Monica Mountains Conservancy
U. S. Department of the Navy
U. S. Postal Service

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL BACKGROUND: (Continued)

Clients: (Continued)

Other:

Various attorneys, corporations, lending institutions, and private individuals.

Gold Coast Appraisals, Inc.

Associate appraiser, as independent contractor, during portions of 1991 and 1992, specializing in appraisal of single family residential through four-unit residential properties.

EXPERT WITNESS:

Qualified as an expert witness in the Los Angeles County Superior Court, Central District.

Qualified as an expert witness in an arbitration matter before Judicial Arbitration and Mediation Services (JAMS), in the County of Orange.

Prepared appraisal reports, and has been retained as an expert witness in conjunction with various eminent domain and litigation matters before the Los Angeles County Superior Court.

Provided testimony as an expert witness in conjunction with eminent domain matters before the San Bernardino County Superior Court.

ACADEMIC BACKGROUND:

Walden High School, Anaheim, California

College preparation curriculum; represented school in annual scholastic competition.

Los Alamitos/Laurel High Schools

Graduate June, 1985

Advanced courses in pre-calculus, and English writing composition.

Cypress Community College

Basic curriculum.

BACKGROUND AND QUALIFICATIONS (Continued)

ACADEMIC BACKGROUND: (Continued)

Long Beach Community College
Basic curriculum.

Real estate and related courses taken through and at various Community Colleges, Universities, the Appraisal Institute, and business schools, in accordance with the Continuing Education Requirements of the State of California, as follows:

Fundamentals of Real Estate Appraisal
Appraisal Principles and Techniques
California Real Estate Principles
Real Estate Appraisal: Residential
Principles of Economics
California Real Estate Economics
Basic Income Capitalization Approach
Advanced Income Capitalization Approach
Advanced Applications
Real Estate Escrow
California Real Estate Law
Uniform Standards of Professional Appraisal Practice, Part A
Uniform Standards of Professional Appraisal Practice, Part B
Federal and State Laws and Regulations